City of Garland, Texas

Comprehensive Annual Financial Report

for the fiscal year ended September 30, 2018

GARLAND

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CITY OF GARLAND, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2018

CITY COUNCIL

Lori Barnett Dodson, Mayor
David Gibbons, District 1
Deborah Morris, District 2
Jerry Nickerson, District 3
Jim Bookhout, District 4
Rich Aubin, Mayor Pro Tem, District 5
Robert Vera, District 6
Scott LeMay, District 7
Robert John Smith, District 8

CITY MANAGER

Bryan Bradford

MANAGING DIRECTOR, FINANCIAL SERVICES

Matt Watson

Prepared by

Financial Services Department

CITY OF GARLAND, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018

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GARLAND

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March 14, 2019

Citizens of the City of Garland
Garland, Texas

Dear Citizens:

The Comprehensive Annual Financial Report (CAFR) of the City of Garland, Texas (the City), for the year ended September 30, 2018 is hereby submitted. The report is published to provide detailed information concerning the financial condition of the City to our citizens and the financial community, as well as other interested parties. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City, on a Government-wide and Fund basis. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Governmental Accounting Standards Board requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately after the independent auditors' report.

GENERAL INFORMATION – CITY OF GARLAND

The City of Garland is located in Dallas County, approximately 15 miles northeast of downtown Dallas. The City's population of 238,293 (as estimated by the City's Planning Department as of January 1, 2018) makes it the thirteenth largest city in the state of Texas, and is one of the largest communities in the Dallas/Fort Worth Metroplex.

The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's home rule Charter. The City was incorporated in 1891 and first adopted its Home

Rule Charter in 1951. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and eight Council members. The City Manager is the chief administrative officer for the City.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Garland as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. The government provides a full range of services including police and fire protection; the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events; electric, water, and wastewater utility services; golf course facilities; storm water facilities, and sanitation collection services.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Garland Housing Finance Corporation, the Garland Economic Development Authority, and the Garland Health Facilities Development Corporation are not included in the primary government. In accordance with GASB Statement No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statement No. 14 and No. 34", the City determined that the Garland Health Facilities Development Corporation and the Garland Economic Development Authority, which were discretely presented as component units in the City's financial statements in prior years, are no longer necessary to be reported within the City's financial statements and have been excluded from the City's FY2018 Comprehensive Annual Financial Report. The Garland Independent School District is excluded from this report because it is a separate governmental entity with a separately elected board of trustees.

The Garland Foundation for Development (GFFD) was organized to promote economic development and other activities within the Garland Community. The City Council serves as the board members for GFFD and the City Manager is the Executive Director. GFFD is reported as a blended component unit of the non-major enterprise golf fund and the capital projects fund.

The Garland Public Facility Corporation (GPFC) was created as a public facility corporation for the purpose of assisting the City in financing, refinancing, or providing public facilities. The Mayor and City Council serves as the board members of the GPFC. GPFC is reported as a blended component unit of the non-major governmental funds.

ECONOMIC CONDITIONS AND OUTLOOK

Primarily as a result of record-setting new construction and rising home prices, the assessed value of Garland's property tax base reached $15.1 billion in 2018, an increase of 10.7% from last year's valuation. This represents the third consecutive year that growth in the tax base has been in the ten-percent range. While property tax revenue growth was impressive, other revenue sources in the General Fund are experiencing more modest trends. Among

the General Fund's three largest sources of revenue, property tax, sales tax, and GP&L ROI transfers, only property taxes reflect projected growth for the 2018-19 fiscal year. Most other revenue categories are projected to grow in the 2% to 3% range except where approved fee increases are pushing projections higher.

In FY 2018-19, the General Fund Budget will utilize these additional resources to address the following priorities:

- Maintain elevated funding for street repair program.
- Address public safety staffing needs in police patrol and fire.
- Expand redevelopment focus.
- Bolster the City's ability to manage and complete capital projects.
- Elevate park maintenance and expand City-sponsored event venues.
- Enhance the care of animals at the City's shelter.

FINANCIAL INFORMATION

Accounting and Budgetary Controls

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with revenues being recorded when available and measurable, and expenditures being recorded when the liability is incurred. Proprietary operations are maintained on a full accrual basis.

Budgetary control is maintained at the fund level, and encumbrances are entered at the time a purchase order is issued. Outstanding encumbrance's lapse at fiscal year-end and the subsequent year's budget is amended to reflect these outstanding encumbrances. Unspent and unencumbered appropriations lapse at the end of the fiscal year.

The budgetary process begins each year with the preparation of both current and proposed year revenue estimates by the City's revenue managers and the Budget Director. Expenditure budgets are then developed using a *target budgeting* approach. Departments base their initial budget submission on their allocated share of the projected resources, but they can make requests for additional items which the City Manager or City Council may choose to fund. This target budget methodology results in a balanced budget presented to Council. The Proposed Budget is reviewed extensively by the City Council, and the process includes a Charter-mandated public hearing and work sessions that are open to the public. The City Charter requires adoption of the City budget by no later than September 20. Activities of the general, debt service, special revenue, and internal service funds are included in the annual appropriated budget.

While the budget is developed and controlled at the departmental level, appropriations are set at the fund level. An ordinance establishes the budget for operating expenses, debt services payments, and interfund transfers, while a separate ordinance establishes the property tax rate.

Changes to approved expenditures are incorporated into the current year budget throughout the year in the form of budget amendments approved by Council. These amendments, as well as updated revenues and other revised expenses, become part of the Revised Budget that is presented to Council concurrent with the Proposed Budget.

During the course of the fiscal year, each department director monitors expenditure controls with overall review exercised by the Budget Director and the City Manager. Monthly expenditure reports are distributed based on the automated accounting system that provide year-to-date expenditure totals for each line item compared to the amount expended at that point in time in the prior year.

Constant review and oversight of revenue and expenditure trends is maintained with specific responsibility assigned to department directors, revenue managers, and the Budget Director. Recommendations for corrective action are made to the City Manager (and to the City Council, if appropriate) as needed to ensure the integrity of the Adopted Budget.

Management of the City is responsible for establishing and maintaining an internal control system designed to ensure that the City's assets are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived; and the evaluation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial awards, the City is responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations relating to these programs. Internal controls are subject to periodic evaluation by management, the City's Internal Audit Department, and independent auditors.

As part of the City's single audit, the independent auditors make tests to determine the adequacy of the internal controls, including that portion related to Federal financial awards programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the single audit are published in a separate report to management.

Long-Term Financial Planning

In order to remain financially strong and provide a framework for prudent financial management, the following financial controls are maintained annually:

- A multi-year financial forecast is prepared projecting revenues and expenditures for all major operating funds.
- A multi-year debt service forecast is prepared to project the impact of future debt service payments on the tax rate.
- Rates, fees and charges for services are reviewed and adjusted as necessary to respond to changing financial circumstances.
- Insurance coverages are examined to ensure that policy limits are adequate and in compliance with revenue bond covenants.
- Debt is not used to fund current expenditures.
- Bonds are sold to finance long-term capital projects.
- Total tax-supported debt is maintained so as not to exceed five percent (5%) of the total assessed valuation of taxable property.
- An ending "fund balance" of 30 days of budget-based operating expenditures in the General Fund is maintained as a minimum.
- An ending "fund balance" of 45 days of budget-based operating expenditures is maintained in the Enterprise Funds as a minimum.
- Internal service funds are maintained to be fully self-supporting to the extent that any retained earnings deficit is recovered in the subsequent fiscal year through increased charges to benefiting departments.

OTHER INFORMATION

Independent Audit

According to Article IV, Section 7, of the City Charter, an annual audit to be performed by independent, certified public accountants, is required to be made of the financial records of the City. Weaver and Tidwell, LLP was selected in July 2014 by the City Council to perform the annual audits. In addition to meeting the requirements set forth in the Charter, the audit also was designed to meet the requirements of the Federal Single Audit Act of 1996 and related Uniform Guidance. The independent auditor's report on the basic financial statements is included in the financial section of this report. The independent auditor's report related specifically to the single audit will be issued in a separate document.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Garland for its Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2017. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period. The City of Garland has received a Certificate of Achievement for the last thirty-six consecutive years. We believe that our current report continues to conform to the Certificate of Achievement Program requirements, and we will submit it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this Comprehensive Annual Financial Report was accomplished with the professional and dedicated efforts of the staff of the Financial Services Department. Appreciation is also extended to those individuals in other departments who contributed, directly or indirectly, to the development of this report.

In closing, we also want to thank the Mayor and the City Council for their interest and support in planning and conducting the financial operations of the City in a responsible manner.

Respectfully submitted,

Bryan L. Bradford
City Manager

Matt Watson
Finance Director

Kathryn P. Ritchie
Accounting Administrator

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Garland

Texas

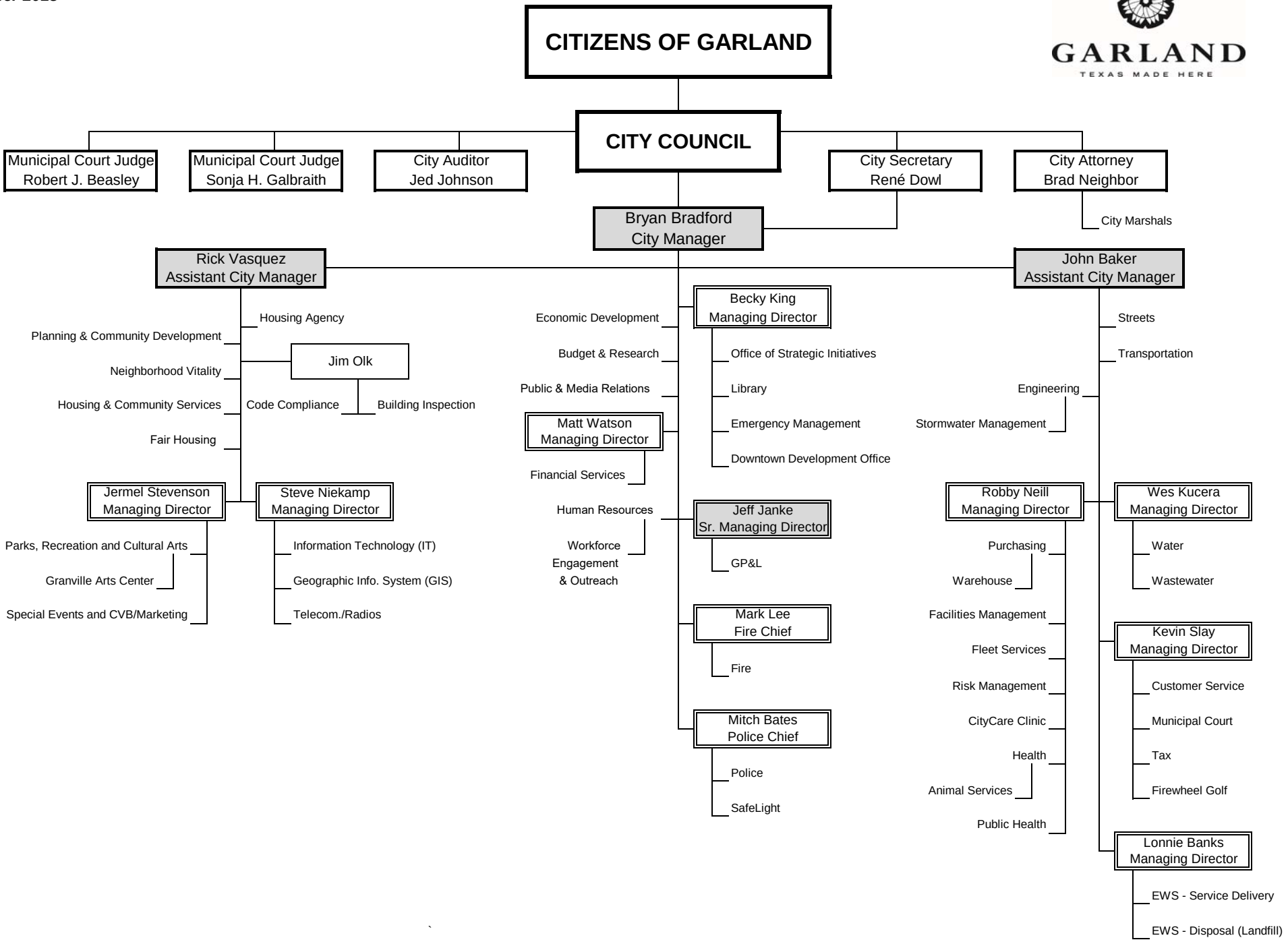
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morrill

Executive Director/CEO

November 2018



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Independent Auditor's Report

To the Honorable Mayor, Members of the City Council and City Manager
City of Garland, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Garland (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Garland Housing Finance Corporation (GHFC), the discretely presented component unit of the City of Garland as of and for the year ended December 31, 2017. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the GHFC is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note I.D.11 to the basic financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated to reflect the change in accounting principle resulting from this statement. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules listed in the table of contents and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying combining and individual fund financial statements and schedules listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying combining and individual fund financial statements and schedules listed in the foregoing table of contents are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 14, 2019

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City of Garland, Texas
Management's Discussion and Analysis
(Unaudited)

As management of the City of Garland, we offer readers of the City of Garland's financial statements this narrative overview and analysis of the financial activities of the City of Garland for the fiscal year ended September 30, 2018. All amounts, unless otherwise indicated, are expressed in dollars.

Financial Highlights

- The assets and deferred outflows of the City of Garland (the City) exceeded its liabilities and deferred inflows at the close of the fiscal year by $844,605,344. Ending net position for governmental activities amount to $187,842,411 and the ending net position for the business type activities amount to $656,762,933.
- Net position for the governmental activities increased $1,392,465 and the net position for the business type activities increased $58,597 for a total increase in the City's net position of $1,451,062. Contributing factors related to the increase in governmental activities and in business type activities are discussed in the governmental activities and business type activities sections of this overview and analysis.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $106,753,621. Of the combined ending fund balances, $56,595,142 is restricted, $19,555,890 is committed, $12,985,580 is assigned, and $17,619,009 is unassigned.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred inflows/outflows, and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, landfill, economic development, and culture and recreation. The business-type activities of the City include electric, water, sewer, golf, heliport, storm water, parks performance, and sanitation operations.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate non-profit corporation for which the City is financially accountable. Financial information for the component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 25-26 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. The City also maintains a fiduciary trust fund for the other post-employment benefits (OPEB).

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare it to the information presented for the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains thirteen individual governmental funds. The General Fund, the Debt Service Fund, and the Capital Projects Fund, are considered to be major funds. Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Data from the other ten governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as required supplementary information for the General Fund to demonstrate compliance with this budget.

The basic governmental funds financial statements can be found on pages 27-30 of this report.

Proprietary funds

The City maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, sewer, golf, heliport, storm water management, parks performance, and sanitation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for group health, self-insurance, long-term disability insurance, fleet, vehicle replacement, information technology, facilities management, warehouse, and customer service operations. The internal service funds are allocated between the governmental and business-type activities based on the level of support each internal service provides to a governmental and business-type activity.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The electric, water, and sewer operations are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the non-major enterprise funds can be found on pages 111-115 and for the internal service funds on pages 117-119.

The proprietary fund financial statements can be found on pages 31-35 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-96 of this report.

Other information

Required supplementary information concerning the General Fund schedule of revenues, expenditures, and changes in fund balances – budget and actual for the year ended September 30, 2018, the net pension liability schedules, and the City's Net Other Postemployment Benefits (OPEB) liability schedules, are presented on pages 97-103 of this report.

Government-wide Financial Analysis

Total assets and deferred outflows at fiscal year-end amount to $2,147,706,811. Current and other assets comprise 30.05% and capital assets comprise 68.51% of the total assets and deferred outflows. Total assets and deferred outflows increased $57,707,072 during the fiscal year primarily as a result of changes in building, improvements, equipment, and systems. Significant additions to fixed asset and construction in progress are described in the capital asset section of this overview and analysis.

Total liabilities and deferred inflows at the end of the fiscal year amount to $1,303,101,467. Long-term liabilities comprise 90.29% and other liabilities comprise 7.52% of the total liabilities and deferred liabilities. Total liabilities and deferred inflows increased $56,256,010 during the fiscal year.

As mentioned earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows (net position) by $844,605,344 for the fiscal year ended September 30, 2018. The largest portion of the City's net position, $609,785,039, represents 72.20% of the total net assets and reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and systems) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net position, $178,470,672, represents 21.13% of the total net assets and represents resources that are subject to external restrictions on how they may be used. These restrictions are detailed in revenue bond debt covenants, the City of Garland Charter, grant contracts, and state law. The remaining balance of unrestricted net assets, $56,349,633, represents 6.67% of total net assets and may be used to meet the City's ongoing obligations to citizens and creditors.

A comparative schedule of condensed government-wide net position is presented on the following page.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 203,273,618	$ 190,064,625	$ 442,168,944	$ 458,361,602	$ 645,442,562	$ 648,426,227
Capital assets	433,234,674	399,949,596	1,038,060,107	979,785,820	1,471,294,781	1,379,735,416
Total assets	636,508,292	590,014,221	1,480,229,051	1,438,147,422	2,116,737,343	2,028,161,643
Total deferred outflows of resources	21,677,961	44,278,013	9,291,507	17,560,083	30,969,468	61,838,096
Long-term liabilities Outstanding	383,881,567	385,720,772	792,630,170	761,268,277	1,176,511,737	1,146,989,049
Other liabilities	65,640,272	58,060,555	32,386,451	35,594,960	98,026,723	93,655,515
Total liabilities	449,521,839	443,781,327	825,016,621	796,863,237	1,274,538,460	1,240,644,564
Total deferred inflows of resources	20,822,003	4,060,961	7,741,004	2,139,932	28,563,007	6,200,893
Net position:						
Net investment in capital assets	183,437,109	177,385,098	426,347,930	408,670,773	609,785,039	586,055,871
Restricted for:						
Debt Service	5,304,131	5,239,767	7,801,425	7,301,497	13,105,556	12,541,264
Construction	1,344,990	762,777	-	-	1,344,990	762,777
Rate Mitigation	-	-	156,551,361	179,449,020	156,551,361	179,449,020
Housing Assistance	2,113,317	988,727	-	-	2,113,317	988,727
Other Grant Programs	5,355,448	1,373,805	-	-	5,355,448	1,373,805
Unrestricted	(9,712,584)	699,772	66,062,217	61,283,046	56,349,633	61,982,818
Total net position	$ 187,842,411	$ 186,449,946	$ 656,762,933	$ 656,704,336	$ 844,605,344	$ 843,154,282

2018 beginning net position was restated due to the implementation of Governmental Accounting Standards Board (GASB) statement No. 75. See page 47 of the notes to the financial statements for more information.

The total net position increased $1,451,062 in the 2018 fiscal year. Governmental activities increased $1,392,465 while the business-type activities increased this total by $58,597. These increases and decreases are discussed in the governmental activities section and the business-type activities section of this overview and analysis.

Schedule of Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	$ 50,187,798	$ 49,335,484	$ 436,268,448	$ 416,473,295	$ 486,456,246	$ 465,808,779
Operating grants and contributions	15,409,934	16,271,994	-	884,150	15,409,934	17,156,144
Capital grants and contributions	11,057,555	12,892,981	3,600,423	3,113,641	14,657,978	16,006,622
General Revenues:						
Property taxes	95,795,752	87,329,443	-	-	95,795,752	87,329,443
Sales taxes	30,129,008	29,894,875	-	-	30,129,008	29,894,875
Other taxes	10,845,365	10,650,995	-	-	10,845,365	10,650,995
Unrestricted interest earnings	2,313,130	1,117,176	3,216,278	1,961,783	5,529,408	3,078,959
Miscellaneous	34,151	606,208	2,100,389	1,395,829	2,134,540	2,002,037
Total Revenues	215,772,693	208,099,156	445,185,538	423,828,698	660,958,231	631,927,854
Expenses:						
General government	34,425,497	33,421,800	-	-	34,425,497	33,421,800
Public safety	108,420,934	107,419,896	-	-	108,420,934	107,419,896
Public works	42,764,067	39,356,985	-	-	42,764,067	39,356,985
Culture and recreation	24,323,627	24,743,188	-	-	24,323,627	24,743,188
Public health	4,405,451	4,682,394	-	-	4,405,451	4,682,394
Interest and fiscal charges	7,339,076	8,391,567	-	-	7,339,076	8,391,567
Electric	-	-	259,269,873	282,989,503	259,269,873	282,989,503
Water	-	-	64,111,798	58,299,626	64,111,798	58,299,626
Sewer	-	-	38,352,152	37,321,258	38,352,152	37,321,258
Golf	-	-	4,583,422	5,080,114	4,583,422	5,080,114
Heliport	-	-	5,315	5,344	5,315	5,344
Storm Water Management	-	-	4,292,213	3,842,023	4,292,213	3,842,023
Parks Performance	-	-	1,248,760	1,259,287	1,248,760	1,259,287
Sanitation	-	-	18,485,025	17,841,828	18,485,025	17,841,828
Total expenses	221,678,652	218,015,830	390,348,558	406,638,983	612,027,210	624,654,813
Change in net position before transfers	(5,905,959)	(9,916,674)	54,836,980	17,189,715	48,931,021	7,273,041
Transfers	40,394,892	30,159,918	(40,394,892)	(30,159,918)	-	-
Increase (decrease) in net position	34,488,933	20,243,244	14,442,088	(12,970,203)	48,931,021	7,273,041
Cumulative effect of change in acctg principle	(33,096,468)	-	(14,383,491)	-	(47,479,959)	-
Net change in net position	1,392,465	20,243,244	58,597	(12,970,203)	1,451,062	7,273,041
Net position - beginning	186,449,946	166,206,702	656,704,336	669,674,539	843,154,282	835,881,241
Net position - ending	$187,842,411	$ 186,449,946	$ 656,762,933	$656,704,336	$ 844,605,344	$ 843,154,282

Governmental activities

Governmental activities increased the City's net position by $1,392,465 in fiscal year 2018. The City's governmental activities unrestricted net position of ($9,712,584) reflects commitments made as part of its other post-employment benefit program (OPEB) that will be funded in future years. More details about these benefits and funding strategy can be found on page 75 of the notes.

Key factors that contributed to this improvement are discussed below.

Revenues by Source – Governmental Activities

Revenues by Source

	2018		2017		Amount	Percentage
	Amount	Percentage	Amount	Percentage	Change	Change
Charges for services	$ 50,187,798	23.26%	$ 49,335,484	23.71%	$ 852,314	1.73%
Operating grants and contributions	15,409,934	7.14%	16,271,994	7.82%	(862,060)	-5.30%
Capital grants and contributions	11,057,555	5.12%	12,892,981	6.20%	(1,835,426)	-14.24%
Property taxes	95,795,752	44.40%	87,329,443	41.97%	8,466,309	9.69%
Sales taxes	30,129,008	13.96%	29,894,875	14.37%	234,133	0.78%
Other taxes	10,845,365	5.03%	10,650,995	5.12%	194,370	1.82%
Unrestricted interest earnings	2,313,130	1.07%	1,117,176	0.54%	1,195,954	107.05%
Miscellaneous	34,151	0.02%	606,208	0.29%	(572,057)	-94.37%
Total Revenues	$ 215,772,693		$ 208,099,156		$ 7,673,537	

Key changes in revenue by source included the following:

Property tax revenue increased $8,466,309 due to an increase in the value of the tax base of 10.7% related to new construction in the City and increases in the existing tax base.

Unrestricted interest earnings increased $1,195,954 as a result of higher yields earned on investments.

Capital grants and contributions decreased $1,835,426 as a result of a decrease in recovery of expenditures related to shared infrastructure construction projects during FY18.

Expenses by Source - Governmental Activities

Expenses by Source

	2018	2017	Change
General government	$ 34,425,497	$ 33,421,800	$ 1,003,697
Public safety	108,420,934	107,419,896	1,001,038
Public works	42,764,067	39,356,985	3,407,082
Culture and recreation	24,323,627	24,743,188	(419,561)
Public health	4,405,451	4,682,394	(276,943)
Interest and fiscal charges	7,339,076	8,391,567	(1,052,491)
Total Expense	$ 221,678,652	$ 218,015,830	$ 3,662,822

The $3,662,822 change in expenses is primarily due to the following:

- Public Works expenses increased $3,407,082 due to a significant increase in infrastructure improvements. It should be noted that over the past several years, the City Council has aggressively addressed declining street and alley conditions. Funding in the FY17-18 budget totaled $26.6 million, a 28.5% increase from the prior year.

Business-type Activities

Business-type activities increased the City's net position by $58,597. Key factors that contributed to the change are discussed below.

- The electric utility incurred a net income of $2,342,626. The net income for the electric utility increased $23,090,436 from the prior fiscal year as a result of the following:
  - Amortization of prepaid demand charge decreased.
  - Fuel and energy purchases and general and administrative expense increased, while salary and benefit expenses decreased.
  - Retail revenue increased.

- The water utility incurred a net income of $7,367,954. Key elements to this change are as follows.
  - Charges for services increased due to a rate increase of 12% and a 9% increase in consumption from the previous year.
  - Operating expenses increased due to a rate increase from NTMWD and an increase in support services expense related to the new billing system upgrade.

- The sewer utility incurred a net income of $927,445. The net income for the sewer utility decreased $1,316,607 from the prior fiscal year as a result of the following:
  - Operating expenses increased $1,030,348 due to positions filled during FY18 which were vacant in FY17, merit/performance raises, as well as an increase in support services expense related to the new billing system upgrade.

- The combined net income for non-major enterprise funds (golf, heliport, storm water management, parks performance, and sanitation) amounted to $458,400.

Revenues by Source – Business-type Activities

	Charges for Service			Operating Grants and Contributions		
	2018	2017	Change	2018	2017	Change
Electric	$ 287,169,337	$ 279,846,202	$ 7,323,135	$ -	$ 609,323	$ (609,323)
Water	76,184,876	63,623,236	12,561,640	-	-	-
Sewer	43,902,151	44,237,184	(335,033)	-	-	-
Non-major Enterprise	29,012,084	28,766,673	245,411	-	274,827	(274,827)
Total	$ 436,268,448	$ 416,473,295	$ 19,795,153	$ -	$ 884,150	$ (884,150)

	Capital Grants and Contributions			Miscellaneous		
	2018	2017	Change	2018	2017	Change
Electric	$ 108,784	$ 11,450	$ 97,334	$ 1,353,744	$ 716,519	$ 637,225
Water	2,319,419	2,098,607	220,812	349,046	338,728	10,318
Sewer	1,172,220	1,003,584	168,636	105,850	106,793	(943)
Non-major Enterprise	-	-	-	291,749	233,797	57,952
Total	$ 3,600,423	$ 3,113,641	$ 486,782	$ 2,100,389	$ 1,395,837	$ 704,552

Expenses by Source – Business-type Activities

	2018	2017	Amount Change	Percentage Change
Electric	$259,269,873	$ 282,989,503	$(23,719,630)	-8.38%
Water	64,111,798	58,299,626	5,812,172	9.97%
Sewer	38,352,152	37,321,258	1,030,894	2.76%
Non-Major	28,614,735	28,028,596	586,139	2.09%
	$390,348,558	$ 406,638,983	$(16,290,425)	-4.01%

Fiduciary funds

In the 2009 fiscal year, the City established an Other Post Employment Benefit Trust Fund which allows the City to capture long-term returns to make progress towards reducing the unfunded liability of post-employment health care. A $1,250,000 contribution in excess of the pay-as-you-go costs was made to the trust fund during the 2018 fiscal year. The City will make future contributions to the trust fund as economic conditions permit to lower the OPEB unfunded actuarial accrued liability and to ensure that funding is available for future retiree medical benefits.

Capital Asset and Debt Administration

Capital Assets

At the end of the 2018 fiscal year, the City had $1,471,294,781 invested in a broad range of capital assets including police and fire equipment, buildings, park facilities, roads, bridges, an electric system, a water system, and a sewer system. This amount represents a net increase of $91,559,365 or 6.64% increase from the prior fiscal year. Key elements of this change are as follows:

Capital Assets at Fiscal Year-end
(Net of Accumulated Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	$ 99,348,015	$ 83,057,383	$ 42,089,765	$ 29,307,887	$ 141,437,780	$ 112,365,270
Construction in Progress	30,726,128	56,485,374	35,501,905	148,914,516	66,228,033	205,399,890
Building, Improvements, equipment and systems	303,160,531	260,406,839	960,468,437	801,563,417	1,263,628,968	1,061,970,256
Total capital assets	$ 433,234,674	$ 399,949,596	$1,038,060,107	$ 979,785,820	$1,471,294,781	$1,379,735,416

Major capital asset additions for the current fiscal year included (amounts rounded to the nearest thousand):

Description	Amount (000's)
GP&L Transmission Poles & Fixtures	$107,277
GP&L Transmission OH Conductor Devices	33,361
Rowlett Creek WWTP Bio solids Expansion & Odor Abatement	26,231
Pleasant Valley Road Bridge including Storm Drainage and Paving Improvements	13,168
GP&L Land Acquisition	12,763
Radio Communications System	10,462
Citywide Street Improvements	7,943
Rosehill Land Acquisition	6,440
Hypermart Land Acquisition	5,931
New Fire Station 5	4,166
GP&L Substation Transmission Equipment	3,298
GP&L Distribution Line Transformers	3,064
GP&L Distribution Street Lights & Signal Systems	2,703
Rowlett Creek WWTP Process Improvements	2,659
Library Materials Management System	2,488
Bridge Remediation Phase 1B	2,447
GP&L Distribution UG Conductors & Devices	2,216
Solid Waste Garbage Collection Equipment	2,041
Parkmont Drive Street & Storm Drainage Improvements	2,025
GP&L Turbogenerator Units	1,934
GP&L Building	1,779
GP&L Distribution Poles, Towers & Fixtures	1,686
Fleet Services Customer Waiting Area	1,607
Water Transmission Mains 16 inch & above	1,568
Firefighting Apparatus	1,358
Relocation Water Mains prior to paving	1,193
Radio Read Water Meters	1,055
Relocation of Sewer Mains prior to paving	1,035
Library Materials	1,021

A few of the Capital Improvement Program projects under construction at the end of the current fiscal year included (amounts rounded to the nearest thousand):

Description	Amount (000's)
Street Reconstruction	$ 6,813
GP&L Transmission Line-Wylie Switchyard to Firewheel 138KV	2,538
Banner Upgrade 5	2,356
Water Distribution Line-up to 14 inch	2,031
GP&L Apollo Substation Rebuild	1,989
GP&L Dent Road Substation	1,525
Carver Center Renovation	1,378
GP&L Transmission Line-Dent Road to Shelby 138KV	1,280
Sewer Collection Mains	1,192
GP&L ETRM System	1,137
Sewer Infiltration Correction	1,113
Relocation of Water Mains Prior to Paving	1,064
GP&L Distribution OH Line	1,029
Shiloh Road: IH 635 to Kingsley	1,014

Additional information on the City's capital assets can be found in note IV.C. on pages 56-58 of this report.

Debt

Debt issues outstanding for the fiscal years 2018 and 2017 were as follows:

	Governmental Activities		Business-type Activities		Total		
	2018	2017	2018	2017	2018	2017	Change
Long-Term:							
General obligation bonds	$161,905,000	$181,210,000	$ 18,105,000	$ 26,845,000	$ 180,010,000	$208,055,000	$ (28,045,000)
Certificates of obligation	98,400,000	80,435,000	156,320,000	167,365,000	254,720,000	247,800,000	6,920,000
Utility system revenue bonds	-	-	396,300,000	346,395,000	396,300,000	346,395,000	49,905,000
Commercial paper	-	-	159,440,000	163,280,000	159,440,000	163,280,000	(3,840,000)
Total Long-Term	260,305,000	261,645,000	730,165,000	703,885,000	990,470,000	965,530,000	24,940,000
Short-Term:							
Commercial Paper	6,000,000	-	-	-	6,000,000	-	6,000,000
Tax Note	12,195,000	8,305,000	-	-	12,195,000	8,305,000	3,890,000
Total Short-Term	18,195,000	8,305,000	-	-	18,195,000	8,305,000	9,890,000
Total outstanding debt	$278,500,000	$269,950,000	$730,165,000	$703,885,000	$1,008,665,000	$973,835,000	$34,830,000

During the fiscal year, the City issued the following debt:

Issue	Principal	Bond Ratings: Standard & Poor's	Bond Ratings: Fitch IBCA
Long-term			
Certificates of Obligation Bonds, Series 2018	$ 29,955,000	AA+	AAA
Electric Utility System Revenue Refunding Bonds, New Series 2018	31,985,000	A+	AA-
Water and Sewer System Revenue Refunding Bonds, New Series 2018	48,310,000	AA-	AA
Electric System Notes, Series 2016	131,970,000	A-1+	
Electric Commercial Paper, Series 2018	27,470,000	A+	A+
Short-term			
Tax Anticipation Note, Series 2018	12,195,000		
Total debt financing	$281,885,000		

The proceeds of the Certificates of Obligation Bonds, Series 2018 will be used for the following:

- Constructing, equipping, and improving various facilities in the City,
- Acquiring equipment and vehicles for Firewheel golf course, the environmental waste services department, the solid waste department, the stormwater management department, and the municipal street department,
- Street improvements and infrastructure improvements.

The proceeds of the Electric Utility System Revenue Refunding Bonds, New Series 2018 were used to refund Electric Utility System Revenue Bonds, Series 2008 at the call date and take out $29,425,000 of Electric commercial paper debt, Series 2014.

The proceeds of the Water and Sewer System Revenue Refunding Bonds, New Series 2018 were used to take out $55,000,000 of Water and Sewer commercial paper debt, Series 2015.

In fiscal year 2010, the City along with other TMPA member cities elected to issue bonds based on the percentage of their annual net energy load and placed the proceeds with TMPA. Since the proceeds from the issuance of this debt will benefit the City over future years the City has elected to record an other asset and a corresponding bonds payable liability, reoffering premium, interest and sinking fund deposit, underwriters discount and issuance cost to record this transaction. The other asset of $138,252,850 is being amortized using a straight-line method over a period of 20 years based on the life of the economic benefit that the City is receiving from this transaction. During the current fiscal year, the City amortized $6,912,643 of the asset resulting in a fiscal year-end balance in other assets of $79,495,389. In August, 2017, the TMPA Board of Directors approved a plan of "seasonal operations" in which the Gibbons Creek plant will operate in the summer months beginning in 2018. Operations during years after 2018 will be evaluated on an annual basis. The TMPA other asset becomes impaired as a result of this determination. Further information related to the asset impairment is available on pages 84-86.

In 2015, the City elected to issue Combination Tax & Electric Utility System Surplus Revenue Refunding Bonds for the purpose of prepaying certain contractual obligations to TMPA. Since the proceeds of this debt issuance were placed with an escrow agent and the City received an economic benefit over a period of years, an Other Assets was recorded in the Electric Fund Statement of Net Position in the amount of $59,270,000. The Other Asset was fully amortized at fiscal year-end 2017.

In 2016, the City initiated the $139,245,000 Electric Utility System Note, Series 2016 for the Electric Fund. The Note, which functions similar to commercial paper, has a three-year term with proceeds being used for constructing the Limestone to Gibbons Creek transmission line. The Electric Fund had drawn $131,970,000 at fiscal year-end.

Additional information on the City's debt can be found in note IV.E of this report.

The City's Funds

At the close of the City's fiscal year, the governmental funds of the City reported a combined fund balance of $106,753,621, an increase of $1,906,400 from the prior fiscal year.

The General Fund ended the fiscal year with a fund balance of $34,933,337 which was a decrease of $265,088 from the prior fiscal year. The original budget projected a decrease in fund balance of $8,565,974 which was later revised to a decrease of $14,354,894 in fund balance to fund one-time capital and operating needs. Favorable budget variances were experienced for revenues as well as expenditures for the fiscal year. Actual revenues exceeded final budgeted revenues by $1,741,528 and actual expenditures were under the final budget amount by $12,235,600. However, $10,755,524 of this positive budget variance is related to council approved street and infrastructure projects and other encumbrances related to unperformed contracts for good or services (i.e. purchase orders). A budget amendment has been approved by City Council to roll the funding for these

projects and encumbrances in the FY18-19 budget year. The remaining favorable budget variance was a result of better than anticipated service charges, and other operational expenditure savings across General Fund departments.

The Debt Service Fund ended the fiscal year with a fund balance of $6,556,425 due to a net increase in fund balance for the fiscal year of $258,376.

The Capital Projects Fund ended the fiscal year with a fund balance of $50,980,542 due to a net decrease in fund balance for the fiscal year of $309,691.

General Fund Budgetary Highlights

During the fiscal year ended September 30, 2018, the City Council amended the budget for the General Fund on several occasions. The amendments were comprised of supplemental appropriations and adjusted budgets. Appropriations are adjusted annually for open purchase orders and various grant awards. Budgets are reviewed and adjusted during the fiscal year to address changing operational and/or economic situations. These amendments amounted to increased appropriations of $1,288,044.

Economic Factors and Next Year's Budgets and Rates

The City's unemployment rate at September 30, 2018 was 3.4% and the State of Texas unemployment rate was 3.7%. The City's estimated population of 238,293 (as estimated at January 1, 2018 by the City's Planning department) remained virtually unchanged from the prior year.

The primary focus of the FY 2017-18 Budget was to provide additional resources to address public safety staffing needs, further improvement of the City's street and alley repairs, and addresses various needs in core service areas such as parks, libraries, animal services, and transportation safety. Funding to implement a critical strategy to reduce the City's unfunded liability related to subsidized retiree health-care coverage was also included. Finally, the budget provides pay increases to maintain employee compensation at market levels.

The primary focus of the FY 2018-19 Budget was to begin addressing items that were deferred during the recession and are negatively impacting core City services and quality of life in the Garland community.

- Maintain elevated funding for the street repair program.
- Address public safety staffing needs in police patrol and fire.
- Expand redevelopment focus.
- Bolster City's ability to manage and complete capital projects.
- Elevate park maintenance and expand City-sponsored event venues.
- Enhance the care of animals at the City's shelter.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Financial Services Department at the City of Garland, 200 North Fifth Street, Garland, TX 75040 or through the City's internet site www.garlandtx.gov.

GARLAND

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City of Garland, Texas
Statement of Net Position
September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	As of December 31, 2017
ASSETS				
Cash and cash equivalents	$ 114,559,495	$ 45,155,126	$ 159,714,621	$ 1,252,879
Investments	78,939,537	28,875,155	107,814,692	101,195
Accounts Receivable, net of allowance for uncollectibles	19,220,377	75,470,345	94,690,722	201,612
Due from other governments	564,813	-	564,813	-
Internal Balances	(22,736,170)	22,736,170	-	-
Inventories	6,431,476	4,470,597	10,902,073	-
Prepaid and other items	18,799	1,629,639	1,648,438	5,000
Restricted Assets:				
Cash and cash equivalents	3,109,814	97,820,705	100,930,519	-
Investments	1,552,791	84,898,175	86,450,966	-
Accrued interest	4,382	302,345	306,727	-
Assets held for resale	516,586	-	516,586	363,545
Capital Assets:				
Land	99,348,015	42,089,765	141,437,780	1,570,767
Construction in Progress	30,726,128	35,501,905	66,228,033	-
Buildings, Improvements, Equipment and System (net of accumulated depreciation)	303,160,531	960,468,437	1,263,628,968	-
Other Assets	-	80,402,970	80,402,970	-
Net pension assets	1,091,718	407,717	1,499,435	-
Total assets	636,508,292	1,480,229,051	2,116,737,343	3,494,998
DEFERRED OUTFLOWS OF RESOURCES				
Fair value of energy risk derivatives	-	661,192	661,192	-
Deferred charges on debt refunding	371,410	824,589	1,195,999	-
Deferred charges on pensions	14,840,856	5,542,524	20,383,380	-
Deferred charges on OPEB	6,465,695	2,263,202	8,728,897	-
Total deferred outflows of resources	21,677,961	9,291,507	30,969,468	-
LIABILITIES				
Accounts payable and accrued liabilities	19,265,614	27,438,346	46,703,960	-
Escrow payable	637,690	254,675	892,365	-
Retainage payable	1,792,290	919,800	2,712,090	-
Accrued interest payable	1,588,514	3,523,630	5,112,144	-
Customer deposits	15,897,745	250,000	16,147,745	-
Tax Note Payable	12,195,000	-	12,195,000	-
Commercial Paper	6,000,000	-	6,000,000	-
Unearned revenue	8,263,419	-	8,263,419	1,393,533
Noncurrent Liabilities:				
Due within one year	43,057,998	54,100,318	97,158,316	2,906
Due in more than one year	340,823,569	738,529,852	1,079,353,421	-
Total liabilities	449,521,839	825,016,621	1,274,538,460	1,396,439
DEFERRED INFLOWS OF RESOURCES				
Deferred charges on debt refunding	110,450	26,924	137,374	-
Deferred charges on pensions	19,818,050	7,401,325	27,219,375	-
Deferred charges on OPEB	893,503	312,755	1,206,258	-
Total deferred inflows of resources	20,822,003	7,741,004	28,563,007	-
NET POSITION				
Net investment in capital assets	183,437,109	426,347,930	609,785,039	1,570,767
Restricted for:				
Debt Service	5,304,131	7,801,425	13,105,556	-
Construction	1,344,990	-	1,344,990	-
Rate Mitigation	-	156,551,361	156,551,361	-
Housing	2,113,317	-	2,113,317	-
Other Grant Programs	5,355,448	-	5,355,448	-
Unrestricted net position	(9,712,584)	66,062,217	56,349,633	527,792
Total net position	$ 187,842,411	$ 656,762,933	$ 844,605,344	$ 2,098,559

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Statement of Activities
For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Unit as of 12/31/2017
Primary Government								
Governmental activities:								
General government	$ 34,425,497	$ 9,910,970	$ 14,247,375	$ -	$ (10,267,152)	$ -	$ (10,267,152)	$ -
Public safety	108,420,934	19,654,603	668,136	-	(88,098,195)	-	(88,098,195)	-
Public works	42,764,067	18,752,900	-	11,057,555	(12,953,612)	-	(12,953,612)	-
Culture and recreation	24,323,627	1,354,400	8,492	-	(22,960,735)	-	(22,960,735)	-
Public health	4,405,451	514,925	485,931	-	(3,404,595)	-	(3,404,595)	-
Interest and fiscal charges	7,339,076	-	-	-	(7,339,076)	-	(7,339,076)	-
Total governmental activities	221,678,652	50,187,798	15,409,934	11,057,555	(145,023,365)	-	(145,023,365)	-
Business type activities:								
Electric	259,269,873	287,169,337	-	108,784	-	28,008,248	28,008,248	-
Water	64,111,798	76,184,876	-	2,319,419	-	14,392,497	14,392,497	-
Sewer	38,352,152	43,902,151	-	1,172,220	-	6,722,219	6,722,219	-
Golf	4,583,422	3,708,057	-	-	-	(875,365)	(875,365)	-
Heliport	5,315	7,257	-	-	-	1,942	1,942	-
Storm Water Management	4,292,213	4,326,657	-	-	-	34,444	34,444	-
Parks Performance	1,248,760	1,092,368	-	-	-	(156,392)	(156,392)	-
Sanitation	18,485,025	19,877,745	-	-	-	1,392,720	1,392,720	-
Total business-type activities	390,348,558	436,268,448	-	3,600,423	-	49,520,313	49,520,313	-
Total primary government	$ 612,027,210	$ 486,456,246	$ 15,409,934	$ 14,657,978	(145,023,365)	49,520,313	(95,503,052)	-
Component units								
Garland Housing Finance Corp.	$ 246,963	$ 748,327	$ -	$ -	-	-	-	$ 501,364
	$ 246,963	$ 748,327	$ -	$ -				
General revenues:								
Sales taxes					30,129,008	-	30,129,008	-
Franchise fees based on gross receipts					8,912,728	-	8,912,728	-
Property taxes					95,795,752	-	95,795,752	-
Hotel/Motel taxes					1,431,266	-	1,431,266	-
Mixed drink taxes					413,241	-	413,241	-
Bingo taxes					88,130	-	88,130	-
Unrestricted investment earnings					2,313,130	3,216,278	5,529,408	7,233
Miscellaneous					34,151	2,100,389	2,134,540	-
Transfers					40,394,892	(40,394,892)	-	-
Total general revenues and transfers					179,512,298	(35,078,225)	144,434,073	7,233
Change in net position					34,488,933	14,442,088	48,931,021	508,597
Net position - beginning					186,449,946	656,704,336	843,154,282	1,589,962
Cumulative effect of change in accounting principle					(33,096,468)	(14,383,491)	(47,479,959)	-
Net position-beginning, as restated					153,353,478	642,320,845	795,674,323	1,589,962
Net position-ending					$ 187,842,411	$ 656,762,933	$ 844,605,344	$ 2,098,559

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Balance Sheet
September 30, 2018

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 22,272,718	$ 6,506,988	$ 44,853,470	$ 8,205,239	$ 81,838,415
Investments	16,363,861	-	32,898,790	5,992,753	55,255,404
Receivables:					
Accounts, net	12,186,644	-	-	3,558,713	15,745,357
Taxes, net	489,166	385,622	-	-	874,788
Accrued interest	48,779	35	107,815	16,375	173,004
Assessments	16,032	-	-	-	16,032
Other	-	-	574,948	-	574,948
Due from other funds	1,924,636	-	2,217	-	1,926,853
Due from other governments	135,101	-	-	429,712	564,813
Assets held for resale	-	-	-	516,586	516,586
Restricted assets:					
Cash and cash equivalents	-	-	-	1,006,399	1,006,399
Total Assets	$ 53,436,937	$ 6,892,645	$ 78,437,240	$ 19,725,777	$ 158,492,599
LIABILITIES					
Accounts payable and accrued liabilities	$ 12,521,097	$ -	$ 2,468,046	$ 572,824	$ 15,561,967
Accrued interest-CO's	-	-	-	8,242	8,242
Escrow payable	-	-	170,600	467,090	637,690
Due to other funds	44,311	-	961,736	77,975	1,084,022
Unearned revenues	544,687	-	3,404,085	4,314,647	8,263,419
Retainage payable	19,658	-	1,770,950	1,682	1,792,290
Tax note payable	-	-	12,195,000	-	12,195,000
Commercial paper	-	-	6,000,000	-	6,000,000
Total Liabilities	13,129,753	-	26,970,417	5,442,460	45,542,630
DEFERRED INFLOWS OF RESOURCES	5,373,847	336,220	486,281	-	6,196,348
FUND BALANCES					
Fund balances:					
Restricted	2,661,895	6,556,425	41,224,962	6,151,860	56,595,142
Committed	11,399,953	-	-	8,155,937	19,555,890
Assigned	3,230,000	-	9,755,580	-	12,985,580
Unassigned	17,641,489	-	-	(24,480)	17,617,009
Total Fund Balances	34,933,337	6,556,425	50,980,542	14,283,317	106,753,621
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 53,436,937	$ 6,892,645	$ 78,437,240	$ 19,725,777	$ 158,492,599

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position
September 30, 2018

Total fund balances - governmental funds	$	106,753,621
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		375,816,272
Certain receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.		6,196,348
Net pension asset and deferred outflows related to pensions.		13,844,292
Deferred outflows related to OPEB.		5,410,919
Bond interest is not accrued at the fund level.		(1,444,421)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities consist of:		
Bonds payable		(237,650,000)
Landfill closure costs		(13,464,219)
Compensated absences		(22,130,941)
Unamortized premium on refunding		(15,014,299)
Other Post Employment Benefits liability payable		(49,604,756)
Deferred loss on debt refunding		295,498
Deferred gain on debt refunding		(106,707)
Deferred inflows related to pensions.		(17,220,498)
Deferred inflows related to OPEB.		(747,743)
Internal service funds net position adjustment excluding assets and liabilities included in the adjustments listed above. Internal service funds are used by management to charge the costs of various services to individual funds. Certain assets and liabilities of the internal service funds are included with governmental activities in the statement of net position.		36,909,045
Total net position - governmental activities	$	187,842,411

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended September 30, 2018

	General	Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	$ 83,444,868	$ 41,727,175	$ -	$ 2,592,054	$ 127,764,097
Franchise fees	8,912,728	-	-	-	8,912,728
Service charges	27,082,445	-	-	-	27,082,445
Licenses and permits	4,488,052	-	-	-	4,488,052
Earnings on investments	669,993	184,515	693,637	155,630	1,703,775
Intergovernmental	1,851,230	-	-	14,386,097	16,237,327
Charges for services	9,819,344	-	-	-	9,819,344
Fines and forfeits	7,234,696	-	-	-	7,234,696
Rents and concessions	771,769	-	-	-	771,769
Assessments	-	-	39,872	-	39,872
Impact fees	-	-	-	1,441,120	1,441,120
Program income	-	-	-	1,405,285	1,405,285
Court awarded seizures	-	-	-	160,403	160,403
Miscellaneous and other	-	60,839	6,438,386	121,656	6,620,881
Total revenues	144,275,125	41,972,529	7,171,895	20,262,245	213,681,794
EXPENDITURES					
Current:					
General government	11,750,399	-	333,446	-	12,083,845
Public safety	95,537,161	-	-	-	95,537,161
Public works	27,150,168	-	-	-	27,150,168
Culture and recreation	16,471,742	-	-	-	16,471,742
Public health	3,833,685	-	-	-	3,833,685
Nondepartmental	27,873,387	-	-	-	27,873,387
Operations	-	-	-	16,288,216	16,288,216
Capital outlay	-	-	45,230,544	1,213,870	46,444,414
Debt service:					
Principal	-	24,600,000	-	185,000	24,785,000
Interest	-	9,261,125	-	445,419	9,706,544
Other and fiscal expenditures	-	147,014	268,612	-	415,626
Total expenditures	182,616,542	34,008,139	45,832,602	18,132,505	280,589,788
Excess (deficiency) of revenues over (under) expenditures	(38,341,417)	7,964,390	(38,660,707)	2,129,740	(66,907,994)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	23,888	-	45,000	-	68,888
Transfers in	45,446,781	685,460	20,141,595	293,063	66,566,899
Transfers out	(7,394,340)	(8,391,474)	(10,267,704)	(200,000)	(26,253,518)
Issuance of debt	-	-	25,365,000	-	25,365,000
Premium on issuance of debt	-	-	3,067,125	-	3,067,125
Total other financing sources (uses)	38,076,329	(7,706,014)	38,351,016	93,063	68,814,394
Net change in fund balance	(265,088)	258,376	(309,691)	2,222,803	1,906,400
Fund balances - beginning	35,198,425	6,298,049	51,290,233	12,060,514	104,847,221
Fund balances - ending	$ 34,933,337	$ 6,556,425	$ 50,980,542	$ 14,283,317	$ 106,753,621

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Governmental Funds
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended September 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	$ 1,906,400
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	33,463,697
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,524,322)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,054,614)
Other long-term liabilities related to pension expense and contributions, are not due and payable in the current period and therefore, are not reported in governmental funds.	(1,522,461)
Other Post Employment Benefits liability is accrued in the government wide financial statements but not at the fund level.	(1,227,557)
Interest is accrued in the government wide financial statements but not at the fund level. This represents the change in the accrual during the period.	(192,723)
Internal service funds are used by management to charge the costs of vehicle services, building services, printing services, and insurance services to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.	5,640,513
Net change in net position-total governmental activities	$ 34,488,933

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Net Position
September 30, 2018

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS						
Current assets:						
Cash and cash equivalents	$ 25,264,830	$ 7,885,783	$ 9,332,259	$ 2,672,254	$ 45,155,126	$ 32,721,080
Investments	14,324,516	5,758,493	6,833,962	1,958,184	28,875,155	23,684,134
Receivable, net of allowance	57,645,848	9,241,535	5,830,994	2,662,008	75,380,385	1,769,029
Accrued interest	37,956	16,905	29,948	5,151	89,960	67,219
Due from other funds	-	15,562	12,598	952,385	980,545	5,197
Inventories	4,390,052	-	-	80,545	4,470,597	6,431,476
Prepaid expense	1,629,639	-	-	-	1,629,639	18,799
Total current assets	103,292,841	22,918,278	22,039,761	8,330,527	156,581,407	64,696,934
Noncurrent Assets:						
Restricted assets						
Revenue bond reserve fund:						
Cash and cash equivalents	-	3,395,695	2,407,370	-	5,803,065	-
Investments	-	-	1,998,360	-	1,998,360	-
Total revenue bond reserve fund	-	3,395,695	4,405,730	-	7,801,425	-
Rate mitigation:						
Cash and cash equivalents	79,832,716	-	-	-	79,832,716	-
Investments	76,434,636	-	-	-	76,434,636	-
Accrued interest	284,009	-	-	-	284,009	-
Total rate mitigation	156,551,361	-	-	-	156,551,361	-
Construction funds:						
Cash and cash equivalents	2,928,242	878,776	5,994,446	2,383,460	12,184,924	2,103,414
Investments	589,323	480,328	3,641,158	1,754,370	6,465,179	1,552,791
Accrued interest	1,696	1,355	10,338	4,947	18,336	4,382
Total construction funds	3,519,261	1,360,459	9,645,942	4,142,777	18,668,439	3,660,587
Capital Assets:						
Land	26,756,449	1,807,965	2,338,807	11,186,544	42,089,765	358,759
Buildings, improvements, equipment and systems	734,131,307	307,373,341	486,425,143	43,872,313	1,571,802,104	122,138,912
Construction in progress	18,805,171	7,470,389	9,077,186	149,159	35,501,905	5,114,169
Less accumulated depreciation	(213,868,225)	(122,231,596)	(248,645,210)	(26,588,636)	(611,333,667)	(70,193,438)
Net capital assets	565,824,702	194,420,099	249,195,926	28,619,380	1,038,060,107	57,418,402
Other Assets	80,402,970	-	-	-	80,402,970	-
Advance to other funds	3,896,269	-	-	-	3,896,269	-
Net pension assets	241,113	43,299	58,863	64,442	407,717	143,090
Total noncurrent assets	810,435,676	199,219,552	263,306,461	32,826,599	1,305,788,288	61,222,079
Total Assets	913,728,517	222,137,830	285,346,222	41,157,126	1,462,369,695	125,919,013
Deferred Outflows of Resources						
Deferred charges on debt refundings	274,271	202,002	348,185	131	824,589	75,912
Deferred charges on pensions	3,277,696	588,603	800,189	876,036	5,542,524	1,945,192
Deferred charges on OPEB	1,042,318	269,923	423,572	527,389	2,263,202	1,054,776
Deferred charges on derivatives	661,192	-	-	-	661,192	-
Total deferred outflows	5,255,477	1,060,528	1,571,946	1,403,556	9,291,507	3,075,880

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Net Position
September 30, 2018

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
LIABILITIES						
Current liabilities:						
Payable from current assets						
Accounts payable and accrued liabilities	$ 17,942,189	$ 3,465,019	$ 619,667	$ 544,311	$ 22,571,186	$ 3,691,515
Due to other funds	2,452	-	-	-	2,452	1,826,121
Insurance claims payable	-	-	-	-	-	5,488,341
Accrued interest payable:						
General obligation bonds	69,863	10,452	34,954	83	115,352	30,367
Certificates of obligation	915,751	-	-	100,901	1,016,652	105,484
Revenue bonds	1,100,724	629,681	661,221	-	2,391,626	-
Customer deposits	250,000	-	-	-	250,000	15,897,745
General obligation bonds	5,115,000	615,000	1,945,000	-	7,675,000	485,000
Certificates of obligation	14,040,000	-	-	3,450,000	17,490,000	1,270,000
Revenue bonds	11,150,000	6,360,000	8,750,000	-	26,260,000	-
Compensated absences	1,594,394	265,926	386,774	317,986	2,565,080	864,595
Derivative instruments-energy risk management	110,238	-	-	-	110,238	-
Total current liabilities	52,290,611	11,346,078	12,397,616	4,413,281	80,447,586	29,659,168
Long-term liabilities:						
Payable from restricted assets						
Accounts payable	2,984,290	705,089	1,165,912	11,869	4,867,160	12,132
Retainage payable	-	-	919,800	-	919,800	-
Escrow payable	254,675	-	-	-	254,675	-
Total payable from restricted assets	3,238,965	705,089	2,085,712	11,869	6,041,635	12,132
Advances from other funds	-	-	-	-	-	3,896,269
Revenue bonds payable (net of unamortized premium)	199,210,928	99,662,059	102,111,029	-	400,984,016	-
Certificates of obligation (net of unamortized premium)	134,982,448	-	-	10,143,169	145,125,617	16,724,195
General obligation bonds (net of unamortized premium and defeased bond costs)	6,204,535	1,126,016	3,806,542	16,930	11,154,023	5,070,243
Commercial paper	159,440,000	-	-	-	159,440,000	-
Insurance claims payable	-	-	-	-	-	6,349,054
Net OPEB liability	9,555,483	2,474,527	3,883,104	4,834,846	20,747,960	9,669,692
Compensated absences	367,553	7,235	84,399	68,095	527,282	96,232
Derivative instruments-energy risk management	550,954	-	-	-	550,954	-
Total other liabilities	510,311,901	103,269,837	109,885,074	15,063,040	738,529,852	41,805,685
Total Liabilities	565,841,477	115,321,004	124,368,402	19,488,190	825,019,073	71,476,985
Deferred Inflows of Resources						
Deferred charges on debt refundings	14,296	1,916	10,712	-	26,924	3,743
Deferred charges on pensions	4,376,940	786,003	1,068,549	1,169,833	7,401,325	2,597,552
Deferred charges on OPEB	144,039	37,301	58,534	72,881	312,755	145,760
Total deferred inflows of resources	4,535,275	825,220	1,137,795	1,242,714	7,741,004	2,747,055
NET POSITION						
Net investment in capital assets	179,751,762	87,312,394	140,143,585	20,081,385	427,289,126	37,517,419
Restricted for:						
Debt service	-	3,395,695	4,405,730	-	7,801,425	-
Rate mitigation	156,551,361	-	-	-	156,551,361	-
Unrestricted	12,304,119	16,344,045	16,862,656	1,748,393	47,259,213	17,253,434
Total net position	$ 348,607,242	$ 107,052,134	$ 161,411,971	$ 21,829,778	638,901,125	$ 54,770,853
Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included with business-type activities.					17,861,808	
Net position of business type activities					$ 656,762,933	

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2018

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:						
Charges for services	$ 287,169,337	$ 76,184,876	$ 43,902,151	$ 29,012,084	$ 436,268,448	$ 63,029,248
Insurance premiums	-	-	-	-	-	37,716,586
Other	1,353,744	349,046	105,850	291,749	2,100,389	4,932,332
Total Operating Revenues	288,523,081	76,533,922	44,008,001	29,303,833	438,368,837	105,678,166
OPERATING EXPENSES:						
Salaries and benefits	23,986,819	4,935,836	8,970,213	10,231,940	48,124,808	22,082,602
Demand charges	38,599,035	-	-	-	38,599,035	-
Amortization of other assets	6,912,642	-	-	-	6,912,642	-
Energy and fuel purchases	129,119,453	-	-	-	129,119,453	-
Water purchases	-	37,084,695	-	-	37,084,695	-
Landfill fees	-	-	-	3,085,670	3,085,670	-
Maintenance, repairs, and other	10,758,527	5,160,633	7,706,116	7,922,054	31,547,330	21,684,562
Insurance and other expenses	3,142,116	550,472	730,755	650,905	5,074,248	-
General and administrative	16,592,158	5,726,870	5,447,597	2,545,919	30,312,544	11,118,267
Capitalized general and administrative	-	(193,518)	(385,489)	-	(579,007)	-
Premiums	-	-	-	-	-	6,896,945
Claims	595,038	151,237	238,951	278,219	1,263,445	25,711,163
Administrative services	-	-	-	-	-	1,034,257
Depreciation	16,620,227	8,200,191	13,166,501	4,167,404	42,154,323	8,066,533
Total Operating Expenses	246,326,015	61,616,416	35,874,644	28,882,111	372,699,186	96,594,329
Total Operating Income	$ 42,197,066	$ 14,917,506	$ 8,133,357	$ 421,722	$ 65,669,651	$ 9,083,837
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on disposal of capital assets	$ (2,824,104)	$ -	$ -	$ 206,000	$ (2,618,104)	$ 127,218
Gain on derivative instruments	(65,125)	-	-	-	(65,125)	-
Investment income	2,559,172	201,851	373,983	81,272	3,216,278	609,355
Interest expense	(12,267,269)	(3,048,685)	(2,808,495)	(187,357)	(18,311,806)	(915,745)
Income (loss) before transfers and contributions	29,599,740	12,070,672	5,698,845	521,637	47,890,894	8,904,665
Capital contributions	108,784	2,319,419	1,172,220	-	3,600,423	-
TRANSFERS						
Transfers in	518,040	-	-	1,237,750	1,755,790	847,639
Transfers out	(27,883,938)	(7,022,137)	(5,943,620)	(1,300,987)	(42,150,682)	(766,128)
Net transfers	(27,365,898)	(7,022,137)	(5,943,620)	(63,237)	(40,394,892)	81,511
NET INCOME (LOSS)	2,342,626	7,367,954	927,445	458,400	11,096,425	8,986,176
Net position, beginning of year	352,983,247	101,431,712	163,214,642	24,558,590	642,188,191	51,221,697
Cumulative effect of change in accounting principle	(6,718,631)	(1,747,532)	(2,730,116)	(3,187,212)	(14,383,491)	(5,437,020)
Net position, beginning of year, restated	346,264,616	99,684,180	160,484,526	21,371,378	627,804,700	45,784,677
Net position, end of year	$ 348,607,242	$ 107,052,134	$ 161,411,971	$ 21,829,778	638,901,125	$ 54,770,853
	Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue of certain internal service funds is reported with business type activities				3,345,663	
	Change in net position of business-type activities				$ 14,442,088	

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2018

	Business-type Activities					Governmental Activities
	Electric	**Water**	**Sewer**	**Other Nonmajor Enterprise Funds**	**Total Enterprise Funds**	**Internal Service Funds**
Cash flows from operating activities:						
Cash received from customers	$ 275,017,503	$ 74,921,939	$ 49,107,003	$ 28,795,973	$ 427,842,418	$ 101,662,696
Cash received for customer deposit	1,544	-	-	-	1,544	725,097
Cash paid to suppliers	(197,366,059)	(48,226,868)	(13,588,422)	(14,370,805)	(273,552,154)	(66,168,027)
Cash paid to employees for services	(23,555,498)	(4,850,085)	(8,794,560)	(10,116,734)	(47,316,877)	(21,798,065)
Other operating revenues	1,353,744	349,046	105,850	291,748	2,100,388	4,932,332
Net cash provided by operations	55,451,234	22,194,032	26,829,871	4,600,182	109,075,319	19,354,033
Cash flows from noncapital financing activities:						
Due from other funds increase	-	(15,562)	(12,598)	-	(28,160)	(31,662)
Due to other funds increases increase	2,452	-	-	29,758	32,210	54,323
Due from other governments (increase) decrease	609,323	-	-	(776,884)	(167,561)	-
Transfers in	518,040	-	-	1,237,750	1,755,790	847,639
Transfers out	(27,883,938)	(7,022,137)	(5,943,620)	(1,300,987)	(42,150,682)	(766,128)
Net cash provided by (used for) noncapital financing activities	(26,754,123)	(7,037,699)	(5,956,218)	(810,363)	(40,558,403)	104,172
Cash flows from capital and related financing activities:						
Proceeds from sales of:						
Certificates of obligation	-	-	-	4,180,000	4,180,000	410,000
Refunding bonds	31,985,000	24,155,000	24,155,000	-	80,295,000	-
Premium on issuance of debt	3,581,148	3,584,519	3,584,519	338,760	11,088,946	45,693
Commercial paper	188,865,000	(19,000,000)	(21,000,000)	-	148,865,000	-
Acquisition and construction of capital assets	(78,462,652)	(9,951,527)	(10,363,158)	(4,669,757)	(103,447,094)	(8,000,370)
Principal paid on:						
Revenue bonds	(10,640,000)	(5,745,000)	(8,160,000)	-	(24,545,000)	-
Certificates of obligation	(12,415,000)	-	-	(2,810,000)	(15,225,000)	(2,080,000)
General obligation bonds	(5,825,000)	(760,000)	(2,155,000)	-	(8,740,000)	(250,000)
Payment to escrow agent	(5,925,484)	-	-	-	(5,925,484)	-
Commercial paper	(152,705,000)	-	-	-	(152,705,000)	-
Interest paid on:						
Revenue bonds	(8,095,963)	(3,296,532)	(3,737,526)	-	(15,130,021)	-
Certificates of obligation	(7,460,275)	-	-	(463,433)	(7,923,708)	(838,940)
General obligation bonds	(692,374)	(99,748)	(326,226)	(650)	(1,118,998)	(240,619)
Commercial paper	(3,715,609)	(427,016)	(432,225)	-	(4,574,850)	-
Bond issue expense	73,899	-	-	-	73,899	-
Loss on derivative instruments	(65,125)	-	-	-	(65,125)	-
Contributions	-	142,280	46,099	-	188,379	-
Proceeds from sales of assets	-	-	-	206,000	206,000	155,032
Net cash used for capital and related financing activities	(61,497,435)	(11,398,024)	(18,388,517)	(3,219,080)	(94,503,056)	(10,799,204)

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Proprietary Funds
Statement of Cash Flows
For the Year Ended September 30, 2018

	Business-type Activities					Governmental Activities
	Electric	Water	Sewer	Other Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash flows from investing activities:						
Purchase of investment securities	(62,619,257)	(5,705,394)	(8,999,102)	(2,951,817)	(80,275,570)	(18,240,134)
Proceeds from sale and maturities of investment securities	131,430,159	8,005,840	11,982,712	3,723,956	155,142,667	20,895,953
Interest received on investments	2,485,296	198,541	366,044	79,113	3,128,994	589,024
Net cash provided by investing activities	71,296,198	2,498,987	3,349,654	851,252	77,996,091	3,244,843
Net increase in cash and cash equivalents	38,495,874	6,257,296	5,834,790	1,421,991	52,009,951	11,903,844
Cash and cash equivalents at beginning of the year	69,529,914	5,902,958	11,899,285	3,633,723	90,965,880	22,920,650
Cash and cash equivalents at end of the year	$ 108,025,788	$ 12,160,254	$ 17,734,075	$ 5,055,714	$ 142,975,831	$ 34,824,494
Reconciliation to Statement of Net Position						
Cash and cash equivalents	$ 25,264,830	$ 7,885,783	$ 9,332,259	$ 2,672,254	$ 45,155,126	$ 32,721,080
Revenue bond cash and cash equivalents	-	3,395,695	2,407,370	-	5,803,065	-
Rate mitigation cash and cash equivalents	79,832,716	-	-	-	79,832,716	-
Construction fund cash and cash equivalents	2,928,242	878,776	5,994,446	2,383,460	12,184,924	2,103,414
Total cash and cash equivalents	$ 108,025,788	$ 12,160,254	$ 17,734,075	$ 5,055,714	$ 142,975,831	$ 34,824,494
Reconciliation of Operating Income to Net Cash Provided by Operating Activities						
Operating income	$ 42,197,066	$ 14,917,506	$ 8,133,357	$ 421,722	$ 65,669,651	$ 9,083,837
Adjustments:						
Depreciation expense	16,620,227	8,200,191	13,166,501	4,167,404	42,154,323	8,066,533
Amortization of other assets	6,912,642	-	-	-	6,912,642	-
Change in allowance for uncollectible accounts	4,738	467	15,253	13,142	33,600	-
Change in assets and liabilities						
Decrease in pension related deferred outflows	6,346,482	1,139,689	1,549,377	1,696,235	10,731,783	3,766,401
Increase in OPEB related deferred outflows	(1,042,318)	(269,923)	(423,572)	(527,389)	(2,263,202)	(1,054,776)
(Increase) decrease in accounts receivable	(12,156,572)	(1,263,404)	5,189,599	(229,253)	(8,459,630)	916,861
Increase in inventory	(79,510)	-	-	(5,165)	(84,675)	(33,043)
Increase in net pension assets	(241,113)	(43,299)	(58,863)	(64,442)	(407,717)	(143,090)
Increase in other assets	(551,550)	-	-	-	(551,550)	-
Decrease in net pension liability	(9,238,541)	(1,659,040)	(2,255,420)	(2,469,200)	(15,622,201)	(5,482,733)
(Increase) decrease in other prepaid expense	(1,329,479)	-	-	-	(1,329,479)	37,600
Increase (decrease) in accounts payable	3,164,340	192,285	53,414	(2,522)	3,407,517	(1,849)
Increase in compensated absences	44,357	16,261	81,183	11,782	153,583	54,889
Increase in customer deposits	1,544	-	-	-	1,544	725,097
Increase (decrease) in OPEB liability	1,134,746	293,858	461,132	574,154	2,463,890	1,148,309
Increase in insurance claims payable	-	-	-	-	-	35,167
Increase in pension related deferred inflows	3,520,136	632,140	859,376	940,833	5,952,485	2,089,070
Increase in OPEB related deferred inflows	144,039	37,301	58,534	72,881	312,755	145,760
Total adjustments	13,254,168	7,276,526	18,696,514	4,178,460	43,405,668	10,270,196
Net cash provided by operating activities	$ 55,451,234	$ 22,194,032	$ 26,829,871	$ 4,600,182	$ 109,075,319	$ 19,354,033
Noncash investing, capital and financing activities:						
Contributions from developers	108,784	2,098,607	1,003,584	-	3,210,975	-
Increase in fair market value of investments	187,648	26,035	33,247	18,335	265,265	124,621
Change in restricted accounts payable	(6,718,948)	238,816	(69,847)	(159,005)	(6,708,984)	(45,995)

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2018

		Other Post Employment Benefits Trust Fund
Assets		
Investments:		
Equity mutual funds	$	2,956,533
Fixed income mutual funds		2,691,101
Money market fund		11,885
Total investments		5,659,519
Total assets	$	5,659,519
Net Position		
Held in trust for other post employment benefits and other purposes		5,659,519
Total net position	$	5,659,519

The notes to the financial statements are an integral part of this statement.

City of Garland, Texas
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended September 30, 2018

	Other Post Employment Benefits Trust Fund
Additions	
Earnings from investments	$ 303,211
Employer contributions	5,024,715
Total additions	5,327,926
Deductions	
Administrative expenses	30,018
Payments to beneficiaries	3,774,715
Total deductions	3,804,733
Change in net position	1,523,193
Net position, beginning of year	4,136,326
Net position, end of year	$ 5,659,519

The notes to the financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City is a municipal corporation governed by an elected mayor and eight-member council. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Discretely Presented Component Unit
The Garland Housing Finance Corporation (GHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices. GHFC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. GHFC is reported as a proprietary entity and maintains their accounts on an accrual basis of accounting. On October 1, 2012, GHFC hired an outside accounting firm to conduct their bookkeeping and accounting. The financial information for GHFC is included in the statements for the period of January 1, 2017 through December 31, 2017. Complete separate December 31, 2017 financial statements for GHFC may be obtained from the City.

Blended Component Unit
The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. The City Council serves as the board members for GFFD and the Assistant City Manager is the Executive Director. GFFD is reported as a blended component unit of the non-major enterprise golf fund and the capital project fund.

In 2018, The City of Garland created the Garland Public Facility Corporation (GPFC) as a public facility corporation under Chapter 303 of the Texas Local Development Code. The GPFC was organized exclusively for the purpose of assisting the City in financing, refinancing, or providing public facilities. The Mayor and City Council serves as the board members of the GPFC. GPFC is reported as a blended component unit of the non-major governmental funds.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers sales tax revenue to be available if they are collected within 30 days of the end of the current fiscal period and all other revenues available if they are collected within 60 days of the end of the annual fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, actuarially determined pension and OPEB expenses, and claims and judgments, are recorded only when payment is due. Grant revenues are recognized as revenues when all eligibility requirements are met.

Property taxes, franchise fees, licenses, mowing liens, sales taxes, EMS fees, court fines, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent they are available as defined above. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Debt Service Fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major proprietary funds:

The Electric Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide electric service for the residents of the City.

The Water Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide water service for the residents of the City.

The Sewer Fund accounts for the resources and expenses associated with the administration, operation, maintenance, new construction, financing and related debt service to provide wastewater treatment service for the residents of the City.

Additionally, the City reports the following fund categories:

Special revenue funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. These specific revenue sources are Community Development Block Grants, Housing Assistance Grants, Neighborhood Services Grants and Funding, Hotel/Motel Tax, Impact Fees, Landfill Closure Funding, Police Training, Substandard Perimeter Road Funding, Narcotic Seizure Funding, and Tax Increment Finance funds.

The City's nonmajor enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing goods and services to the general public on a continuing basis will be financed or recovered through user charges. These funds are the Golf Fund, the Heliport Fund, the Storm Water Management Fund, the Parks Performance Fund, and the Sanitation Fund.

Internal service funds account for group health, self-insurance, long-term disability, fleet services, vehicle replacement, information technology, facilities management, warehouse, and customer services to other departments of the City on a cost reimbursement basis.

The Other Post-Employment Benefits trust fund accounts for the activities of the trust fund which accumulates resources for OPEB related benefits, and is excluded from the government-wide financial statements.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's electric, water, sewer, sanitation, and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer systems. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, liabilities, and net position or equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and the City Council approved investment policy authorize the City to invest in obligations of the Agencies and Instrumentalities of the U.S. Treasury, commercial paper, FDIC insured Certificates of Deposit, repurchase agreements, reverse repurchase agreements, SEC registered no-load money market mutual funds, and investment pools.

The deposits and investments of the OPEB trust fund are held separately from those of other City funds by an outside trustee appointed by the City.

Investments for the primary government, as well as for its component units, are reported at fair value. The Texpool and TexStar investment pools operate in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectible accounts for utility billing is estimated based on collection experience. All other allowance for uncollectible accounts is based on accounts outstanding in excess of 360 days of the invoice date and collection experience. The property tax receivable allowance is based on the average collection rate of delinquent taxes over the last five years.

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established by the Dallas Central Appraisal District at 100% of estimated market value. Property taxes attach an enforceable lien on property as of January 1. Taxes are due immediately following the October 1 levy date and are considered delinquent after January 31 of the following year. Penalty and interest are charged at 7% on delinquent taxes beginning February 1 and increases each month to 18% on July 1. After all collection efforts have failed, the City files suit to collect the delinquent taxes.

In Texas, countywide central appraisal districts are required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the City may, at its own expense, require annual reviews by the appraisal district through various appeals and, if necessary, legal action. Under this system the City sets tax rates on property within the City. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

3. Inventories and prepaid items

All inventories are valued at average cost and consist of expendable supplies held for consumption or the construction of plant and equipment. Inventories are accounted for under the consumption method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the City's general obligation bonds, certificates of obligation, and revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet or statement of net position because their use is limited by applicable bond covenants or they are maintained in separate bank accounts due to City Charter requirements. The "rate mitigation" account is used to report resources set aside to subsidize potential deficiencies from Electric Fund operations that could adversely affect rates that are charged to customers. The "revenue bond construction" accounts are used to report those proceeds of revenue bond issuances that are restricted for use in construction of assets.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the City as tangible or intangible assets used in operations with an initial useful life in excess of one year. Capital asset values are established on a department by department basis where the initial asset cost is $5,000 and above.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the government chose to include all such items regardless of their acquisition date or amount. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value for buildings excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond 40 years. The reported value for infrastructure includes all upgrades and is depreciated over a useful life of 15-50 years. In the case of contributed assets, the City values these capital assets at the acquisition value of the item at the date of its contribution.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capital value of the assets constructed. The total interest expense by the City during the current year was $28,934,094. Of this amount, $4,005,373 was included as part of the cost of capital assets under construction in connection with electric, water, and sewer construction projects.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings	15 – 40
Improvements other than buildings	5 – 15
Equipment	2 – 10
Systems and Infrastructure	15 – 50

6. Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation, compensatory time, and sick pay benefits. Employees are reimbursed upon termination for accumulated vacation and only non-exempt employees are reimbursed for compensatory time. Employees are not reimbursed upon termination for accumulated sick leave except for police and firefighters who are reimbursed up to a maximum of 90 days accumulated sick leave. The liabilities for these amounts are accrued as they are incurred in the government-wide and proprietary fund financial statements.

7. Long-term obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures.

8. Classifications of Fund balance

Fund balances for governmental funds are reported in classifications that demonstrate the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The governmental fund classifications are as follows:

Nonspendable – The portion of fund balance that cannot be spent because it is either (a) not in spendable form, such as inventories and prepaid items, or (b) legally or contractually required to be maintained intact.
Restricted – The portion of fund balance that is restricted for specific purposes due to constraints imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
Committed – The portion of fund balance that can only be used for specific purposes by the City's highest level of decision-making authority, the City Council, and are imposed by the City Council through an ordinance. Once adopted, the limitation imposed by the ordinance remains in place until an ordinance is imposed to remove or revise the limitation.
Assigned – The portion of the fund balance that is constrained by the City's intent for specific purposes, but are not restricted or committed. In fund balance policy, the City Council delegates authority to the Director of Finance or the Director of Finance's designee to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
Unassigned – The portion of the fund balance that is not restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned funds balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount. However, if expenditures incurred for specific purposes exceed the amounts that are not restricted, committed, or assigned to this purpose, it may be necessary to report a negative fund balance in that fund.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, assigned fund balance, and lastly, unassigned fund balance.

In order to remain financially strong and provide a framework for prudent financial management, the City maintains a minimum unassigned fund balance goal in the General fund of 30 days of budget-based operating expenditures.

Fund balances for governmental activities as of September 30, 2018 are:

Fund Balance	*General Fund*	*Debt Service*	*Capital Projects*	*Other Nonmajor Governmental Funds*	*Total Governmental Funds*
Restricted:					
General government	$ 1,344,990	$ -	$ -	$ 3,728,181	$ 5,073,171
Debt service	-	6,556,425	-	-	6,556,425
Parks construction	-	-	581,433	-	581,433
Streets and drainage	-	-	2,222,061	-	2,222,061
Public facilities	-	-	38,421,468	-	38,421,468
Housing assistance	-	-	-	2,113,317	2,113,317
Public safety	1,316,905	-	-	310,362	1,627,267
Total Restricted	2,661,895	6,556,425	41,224,962	6,151,860	56,595,142
Committed:					
General government	1,915,702	-	-	-	1,915,702
Public works and infrastructure	9,484,251	-	-	8,155,937	17,640,188
Total Committed	11,399,953	-	-	8,155,937	19,555,890
Assigned:					
General government	3,230,000	-	9,755,580	-	12,985,580
Total Assigned	3,230,000	-	9,755,580	-	12,985,580
Unassigned	17,641,489	-	-	(24,480)	17,617,009
Total fund balance	$ 34,933,337	$ 6,556,425	$ 50,980,542	$ 14,283,317	$ 106,753,621

9. Fund net position

In the fund financial statements, proprietary funds report restricted net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

10. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position/fund balance that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding – The deferred charge results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.
- Pension and OPEB contributions subsequent to measurement date – The deferred charges result from contributions made after the measurement date of the plans to the current fiscal year end. These charges will be recognized in the subsequent fiscal year end.
- Difference in projected and actual earnings – The difference is deferred and will be amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.
- Difference in assumption changes – difference is deferred and amortized over estimated average remaining lives of all members determined as of measurement date.

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that quality for reporting in this category:

- Fair value of energy risk derivatives – The deferred charge represents fuel swap hedging activity and is calculated as the difference between the closing futures price at the end of the reporting period, and the futures price at the time the positions were established.
- Deferred charges on refunding – The deferred charge results from the difference in carry value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunding or the refunded debt.
- Difference in expected and actual economic experience – The difference is deferred and will be amortized as a component of pension and OPEB expense over the estimated average remaining lives of all members determined as of measurement date.

11. New accounting principles

The City implemented the following new GASB standards during the fiscal year ended September 30, 2018:

The GASB has issued Statement No. 74, *"Financial Reporting for Postemployement Benefit Plans Other Than Pension Plans"* ("GASB 74"), which will be effective in fiscal year 2018. The objective of this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose financial statements. The adoption of Statement No. 74 had no impact on the City's financial statements. The City's OPEB plan year end is December 31.

The GASB has issued Statement No. 75, *"Accounting and Financial Reporting for Postemployement Benefit Plans Other Than Pension"* ("GASB 75"), which will be effective in fiscal year 2018. The objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

With the implementation of Statement No. 75, the City's government-wide and proprietary fund financial statements were restated to reflect the beginning net OPEB liability, deferred outflows and inflows of resources and the recognition of OPEB expense and contributions made between the start of the measurement period and the City's prior fiscal year. The restatement to beginning net position is noted below and reflected on the statements:

	Government-wide		Fund Level Statement of Revenues, Expense and Changes in Net Position – Proprietary Funds	
	Governmental Activities	Business-type Activities	Business-type	Internal Services
Net position at 10/01/17	$ 186,449,946	$ 656,704,336	$ 642,188,191	$ 51,221,697
Change in reporting for OPEB	(33,096,468)	(14,383,491)	(14,383,491)	(5,437,020)
Net position restated at 10/01/17	$ 153,353,478	$ 642,320,845	$ 627,804,700	$ 45,784,677

The GASB has issued Statement No. 81, "*Irrevocable Split-Interest Agreements"* ("GASB 81"), which will be effective in fiscal year 2018. The objective of this statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The adoption of Statement No. 81 had no impact on the City's financial statements.

The GASB has issued Statement No. 85, *"Omnibus 2017"* (GASB 85), which will be effective in fiscal year 2018. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The requirements of this Statement will enhance consistency in the application of accounting and financial reporting requirements. The City implemented this Statement in the current fiscal year.

The GASB has issued Statement No. 86, *"Certain Debt Extinguishment Issues"* (GASB 86), which will be effective in fiscal year 2018. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of Statement No. 86 had no impact on the City's financial statements.

GASB issued the following new accounting standards that are expected to be implemented by the City in future years:

The GASB has issued Statement No. 83, *"Certain Asset Retirement Obligations"* ("GASB 83"), which will be effective in fiscal year 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 84, *"Fiduciary Activities"* ("GASB 84"), which will be effective in fiscal year 2020. The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 87 *"Leases"* (GASB 87), which will be effective in fiscal year 2021. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance of consistency of information about governments' leasing activities. The City has not yet evaluated the impact of the implementation of this standard.

The GASB has issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"* ("GASB 89"), which will be effective in fiscal year 2020. The objective of this statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This City is currently evaluating the impact of this statement.

The GASB has issued Statement No. 90, *"Majority Equity Interest – an amendment of GASB Statements No. 14 and No. 61"* ("GASB 90"), which will be effective in fiscal year 2020. The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The City has not yet evaluated the impact of the implementation of this standard.

II. Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this $237,650,000 difference is as follows:

General Obligation bonds – General Government portion	$156,905,000
Certificates of Obligation – General Government portion	80,745,000
Net adjustment to reduce *fund balance – total governmental funds* to arrive at net position – governmental activities	$237,650,000

The portion of Certificates of Obligation amounting to $17,655,000 and a portion of General Obligation amounting to $5,000,000 was issued for Internal Service fund projects.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between *net changes in fund balances – total governmental funds* and *change in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation states that "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $2,054,614 difference are as follows:

Debt issued or incurred:	
Issuance of certificate of obligation – Governmental Funds	$ (25,365,000)
Net premium on issuance of CO bonds	(3,067,125)
Principal repayments:	
General obligation debt	19,055,000
Certificates of obligation	5,730,000
Amortization of bond premium	3,891,562
Change in landfill closure liability	(907,807)
Change in compensated absences liability	(1,391,244)
Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ (2,054,614)

Another element of that reconciliation states that "governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period." The details of this $29,942,681 difference are as follows:

Capital outlays	$ 46,444,414
Developers contributions	5,858,733
General Fund expense outlays	11,310,621
Depreciation expense	(29,656,261)
CIP expense outlays	(288,777)
Proceeds from disposal of assets	(68,888)
Gain on disposals of assets	(136,145)
Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*	$ 33,463,697

III. Stewardship, compliance, and accountability

Deficit fund equity

The Self-Insurance Fund deficit of $1,296,435 is a result of an accrual of claims incurred but not reported of $6,500,950. This accrual was made on the basis of an actuarial analysis completed in 2018. This fund is managed and funded on a modified accrual basis. Therefore, this fund will continue to report a deficit.

The Long-Term Disability Insurance Fund deficit of $1,409,569 is the result of an accrual of claims incurred but not reported of $3,112,604. This accrual was made on the basis of an actuarial analysis completed in 2018. This fund is managed and funded on a modified accrual basis. Therefore, this fund will continue to report a deficit.

The Facilities Management Fund deficit of $966,264 is due to the implementation of GASB 75 which required a restatement of beginning net position of $760,575 and reporting an actuarial determined OPEB expense of $32,974. The fund is managed on a modified accrual basis. Charges to other operating funds are adjusted annually to meet current operating needs.

The Warehouse Fund deficit of $290,171 is due to the implementation of GASB 75 which required a restatement of beginning net position of $205,691 and reporting an actuarial determined OPEB expense of $9,420. The fund is managed on a modified accrual basis. Charges to other operating funds are adjusted annually to meet current operating needs.

IV. Detailed notes on all funds

A. Deposits and investments

Deposits. State statutes and the City's investment policy require that all uninsured deposits in financial institutions be fully collateralized by U.S. Government obligations or it agencies or instrumentalities that have a market value of not less than the principal amount of the deposits. The City's deposits were fully insured or collateralized as required by state statutes as of September 30, 2018. Collateral was held by the Federal Reserve Bank in the City name under a joint safekeeping agreement with JP Morgan Chase Bank. The market value of the collateral at the close of the fiscal year was $18,000,000.

As of September 30, 2018, the carrying amount of the City's deposits was $4,683,155 and the bank balance was $7,019,161. These balances include the City's blended component unit (Garland Foundation for Development). On September 30, 2018, the City's bank balance and the balance for GFFD was fully collateralized. Bank balances for the City's discretely presented component unit (Garland Housing Finance Corporation) were fully collateralized and the carrying value of the component unit's deposits was $1,252,879.

Investments. State statutes, the City's Investment Policy, and the City Statement of Investment Strategies govern the investments of the City. The City is authorized to invest in obligations of the U.S. Government and its agencies and instrumentalities, federal agency discount-amortizing notes, federal agency coupon securities, managed pool accounts and Certificates of Deposit.

As of September 30, 2018, the City had the following cash equivalents and investments:

Investment Type	Book Value	Fair Value Level 2	% of portfolio	WAM	Rating	Rating Agency
Federal Farm Credit Bank	$ 41,088,060	$ 40,823,362	9.09%	244	AA+/Aaa	S&P/Moody's
Federal Home Loan Bank	71,805,075	71 237,333	15.90%	317	AA+/Aaa	S&P/Moody's
Federal Home Loan Mortgage Corp	42,949,786	42,510,413	9.51%	404	AA+/Aaa	S&P/Moody's
Federal National Mortgage Association	24,968,087	24,782,180	5.53%	261	AA+/Aaa	S&P/Moody's
Federal Agriculture Mortgage Corp	5,000,000	4,991,670	1.11%	116	AA+/Aaa	S&P/Moody's
US Treasury	9,942,709	9,920,700	2.20%	181	AA+/Aaa	S&P/Moody's
Certificates of Deposit	6,575,406	-	1.45%	1	N/A	N/A
Investment Pools	249,386,579	-	55.21%	1	AAAm	S&P
Total investment fair value	$ 451,715,702	$ 194,265,658	100.00%	132		

Weighted average maturity (WAM) of the portfolio by investment type categories reflected in the previous table is stated in days. The rating agency acronyms are defined as follows: S&P-Standard & Poor's rating agency and Moody's-Moody's Investor Service.

Fair Value Measurement. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, *Fair Value Measurement and Application* provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets and liabilities in active markets that government can access at the measurement date.
- Level 2 inputs are inputs (other than quoted prices within Level 1) that are observable for an asset and liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. For the City, all of the U.S. Government Agency securities and Municipal obligations are classified in Level 2 of the fair value hierarchy and are valued based on their relationship to benchmark quoted prices. Investment Pools and Certificates of Deposit are measured at amortized cost or net asset value and are exempt from fair value reporting.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits at least half of the City's investment portfolio to maturities of less than five years and a WAM of three years or less. As of September 30, 2018, the WAM for all cash equivalents and investments was 132 days.

Credit risk. The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized rating organization. The City's investments in U. S. agencies were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service as of September 30, 2018.

The City invests in Texpool and Texstar to meet its daily liquidity needs. Texpool and Texstar are local government investment pools (LGIPs) that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. These pools qualify to be valued at amortized cost and have no limitations or restrictions on withdrawals. Texpool and Texstar are funds that allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. Such funds seek to maintain a constant net asset value of $1.00, although this cannot be fully guaranteed. Texpool and Texstar are all rated AAAm and must maintain a dollar weighted average maturity not to exceed a 60 day limit. The City considers the holdings in these funds to have a WAM of one day, due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The City invests in Certificates of Deposit. The City has entered into custody services agreements with Stone Castle Cash Management and USA Mutuals to act as authorized agents to purchase and manage Certificates of Deposit (CDs) in depository banks. The CDs held at each bank are in the City's name and the CD cannot exceed the FDIC insurance amount. Money can be withdrawn from Stone Castle Cash Management or USA Mutuals with one day notice. The City considers the holding in these CDs to have a weighted average maturity of one day, due to the fact that these funds can be withdrawn with one day notice.

State law limits investments in commercial paper to the top two ratings issued by at least two nationally recognized credit rating agencies. It is the City's policy to limit its investments in these investment types to the top rating issued by national recognized credit rating agencies. As of September 30, 2018, the City held no direct investments in commercial paper.

As of September 30, 2018, the City had the following cash equivalents and investments held by the trust agency Public Agency Retirement Services (PARS) for the OPEB trust fund:

Investment Type	Fair Value
Equity Mutual Funds	$ 2,956,533
Fixed Income Mutual Funds	2,691,101
Money Market Fund	11,885
Total investment fair value	$ 5,659,519

B. Receivables

Receivables as of year-end for the City's individual major funds and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Projects	Electric	Water	Sewer	Other Funds	Total
Receivables:								
Interest	$ 48,779	$ 35	$ 107,815	$ 37,956	$ 16,905	$ 29,948	$ 88,745	$ 330,183
Taxes	1,076,601	848,711	-	-	-	-	-	1,925,312
Utility Accounts	188,927	-	-	22,224,579	8,294,153	5,558,540	3,434,163	39,700,362
Mowing Liens	943,631	-	-	-	-	-	-	943,631
EMS Accounts	1,645,033	-	-	-	-	-	-	1,645,033
Franchise Fee	1,475,547	-	-	-	-	-	-	1,475,547
Sales Tax	4,955,874	-	-	-	-	-	-	4,955,874
Wholesale & Other Accts	3,889,258	-	574,848	35,985,786	1,074,200	336,218	4,690,496	46,550,906
Assessments	16,032	-	-	-	-	-	-	16,032
Gross Receivables	14,239,682	848,746	682,763	58,248,321	9,385,258	5,924,706	8,213,404	97,542,880
Less: allowance for uncollectibles	(1,499,061)	(463,089)	-	(564,517)	(126,818)	(63,764)	(134,909)	(2,852,158)
Net total receivables	$12,740,621	$ 385,657	$ 682,763	$ 57,683,804	$ 9,258,440	$ 5,860,942	$ 8,078,495	$ 94,690,722

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *unearned revenue* in the governmental funds were as follows:

	Unearned
Parks service charges for future events	$ 323,590
Faulkner receivable	221,097
Grant drawdowns prior to meeting all eligibility requirements	254,610
Homeowner assistance	4,060,037
Other receivables related to capital projects	3,404,085
	$ 8,263,419

Governmental funds defer revenue recognition in connection with resources that have been earned, but not yet available. These amounts are reported as deferred inflows of resources. At the end of the current fiscal year, the various components of deferred inflows of resources in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (general fund)	$ 426,500
Delinquent property taxes receivable (debt service fund)	336,220
Sales tax, mowing liens, EMS, & other receivables (general fund)	4,947,347
Other receivables related to capital projects	486,281
	$ 6,196,348

C. Capital Assets

Capital asset activity for the year ended September 30, 2018, was as follows:

Primary government

	Balance at Oct. 1, 2017	Increases	Decreases	Balance at Sept. 30, 2018
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 82,835,434	$ 16,153,822	$ -	$ 98,989,256
Internal service land	221,949	136,810	-	358,759
Construction in progress	41,759,450	45,267,592	(61,415,083)	25,611,959
Internal service construction in progress	14,725,924	4,314,355	(13,926,110)	5,114,169
Total capital assets, not being depreciated	139,542,757	65,872,579	(75,341,193)	130,074,143
Capital assets, being depreciated:				
Buildings	122,039,498	5,802,167	(802,756)	127,038,909
Improvements other than buildings	490,043,621	44,156,139	-	534,199,760
Machinery and equipment	90,964,634	14,574,158	(3,605,326)	101,933,466
Internal service buildings, improvements, and equipment	105,511,779	17,390,677	(763,544)	122,138,912
Total capital assets being depreciated	808,559,532	81,923,141	(5,171,626)	885,311,047
Less accumulated depreciation for:				
Buildings	(48,717,596)	(3,134,971)	662,742	(51,189,825)
Improvements other than buildings	(372,800,879)	(19,457,066)	-	(392,257,945)
Machinery, furniture, and equipment	(63,771,585)	(7,064,224)	2,326,501	(68,509,308)
Internal service buildings, improvements, and equipment	(62,862,633)	(8,066,533)	735,728	(70,193,438)
Total accumulated depreciation	(548,152,693)	(37,722,794)	3,724,971	(582,150,516)
Total capital assets, being depreciated, net	260,406,839	44,200,347	(1,446,655)	303,160,531
Governmental activities capital assets, net	$ 399,949,596	$110,072,926	$ (76,787,848)	$433,234,674

	Balance at Oct. 1, 2017	Increases	Decreases	Balance at Sept. 30, 2018
Business-type activities:				
Capital assets, not being depreciated:				
Land	$ 29,307,887	$ 12,781,878	$ -	$ 42,089,765
Construction in progress	148,914,516	98,451,337	(211,863,948)	35,501,905
Total capital assets, not being depreciated	178,222,403	111,233,215	(211,863,948)	77,591,670
Capital assets, being depreciated:				
Utility buildings, improvements, and equipment	1,377,134,931	203,883,447	(9,216,276)	1,571,802,102
Total capital assets being depreciated	1,377,134,931	203,883,447	(9,216,276)	1,571,802,102
Less accumulated depreciation for:				
Utility buildings, improvements, and equipment	(575,571,514)	(42,154,323)	6,392,172	(611,333,665)
Total accumulated depreciation	(575,571,514)	(42,154,323)	6,392,172	(611,333,665)
Total capital assets, being depreciated, net	801,563,417	161,729,124	(2,824,104)	960,468,437
Business-type activities capital assets, net	$ 979,785,820	$272,962,339	$(214,688,052)	$ 1,038,060,107

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 1,747,547
Public safety	3,899,705
Public works	20,499,992
Culture and recreation	3,422,586
Public health	86,431
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	8,066,533
Total depreciation expense – governmental activities	$ 37,722,794
Business-type activities:	
Electric	$ 16,620,227
Water	8,200,191
Sewer	13,166,501
Other non-major business-type activities	4,167,404
Total depreciation expense – business-type activities	$ 42,154,323

The City has identified intangible assets related to right of way easements. These assets have been classified as non-depreciating assets and reported in the same method as land assets.

Construction commitments

The City has active construction projects as of September 30, 2018. At year-end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Water System	$ 2,208,740	$ 5,181,606
Sewer System	24,755,453	5,294,029
Electric System	3,888,402	-
Parks & Recreation	1,318,022	-
Streets and Drainage	27,285,141	9,562,526
Buildings	6,015,521	4,500,270
Total	$ 65,471,279	$ 24,538,431

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of September 30, 2018, is as follows:

Interfund Payable	General Fund	Water	Sewer	Internal Services	Non-major Enterprise	Capital Projects	Total
General Fund	$ -	$ 15,562	$ 12,598	$ 2,745	$ 11,189	$ 2,217	$ 44,311
Capital Project Fund	20,540	-	-	-	941,196	-	961,736
Electric	-	-	-	2,452	-	-	2,452
Internal Service Funds	1,826,121	-	-	-	-	-	1,826,121
Non-Major Governmental	77,975	-	-	-	-	-	77,975
	$ 1,924,636	$ 15,562	$ 12,598	$ 5,197	$ 952,385	$ 2,217	$ 2,912,595

Interfund balances are created by short-term deficiencies in cash position in individual funds and it is anticipated that these balances will be repaid within one year or less.

The composition of advances to/from at September 30, 2018, is as follows:

Advance Payable	Electric	Total
Internal Service	$ 3,896,269	$ 3,896,269

Advances are created by long-term deficiencies in cash position in individual funds. It is not anticipated that these balances will be repaid within one year or less.

During the year, funds were transferred from one fund to support expenditures of another fund in accordance with the authority established for the individual fund. A summary of interfund transfers by fund type is as follows:

	Transfers In							
	General Fund	Debt Service Fund	Capital Project Fund	Non-major Governmental Funds	Electric	Non-major Business-Type Funds	Internal Service Funds	Total Transfers
General	$ -	$ -	$ 6,606,941	$ 259,063	$ 247,336	$281,000	$ -	$ 7,394,340
Debt Service	-	-	8,305,000	-	-	-	86,474	8,391,474
Capital Project	9,266,000	-	-	34,000	270,704	697,000	-	10,267,704
Non-major Governmental	200,000	-	-	-	-	-	-	200,000
Electric	22,286,636	230,427	4,759,654	-	-	-	607,221	27,883,938
Water	6,886,058	131,779	-	-	-	-	4,300	7,022,137
Sewer	5,807,163	133,896	-	-	-	-	2,561	5,943,620
Non-major Business-Type	981,481	172,423	-	-	-	-	147,083	1,300,987
Internal Service	19,443	16,935	470,000	-	-	259,750	-	766,128
	$45,446,781	$685,460	$20,141,595	$ 293,063	$ 518,040	$1,237,750	$847,639	$69,170,328

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations; in-lieu-of franchise fees and ad valorem taxes transferred to the General Fund by Water, Wastewater, and Solid Waste; return on investment transferred to the General Fund from the Electric Fund; debt service transfers for payment of principal and interest as these payments are due; and other miscellaneous transfers in accordance with budgetary authorizations.

E. Long-term liabilities

A summary of long-term liabilities, including current portion, for the year ended September 30, 2018, is as follows:

	Balance at Oct. 1, 2017	Increased	Retired	Balance at Sept. 30, 2018	Due within one year
Governmental activities:					
General obligation bonds	$ 181,210,000	$ -	$ (19,305,000)	$ 161,905,000	$ 19,525,000
Certificates of obligation	80,435,000	25,775,000	(7,810,000)	98,400,000	8,585,000
Unamortized premium and defeased debt costs	17,102,003	3,112,818	(4,306,084)	15,908,737	-
Landfill post closure cost	12,556,412	907,807	-	13,464,219	-
Compensated absences	21,645,634	3,089,848	(1,643,714)	23,091,768	9,459,657
Insurance claims payable	11,802,228	26,198,394	(26,163,227)	11,837,395	5,488,341
OPEB liability	19,138,939	40,135,509	-	59,274,448	-
Net pension liability	41,830,556	-	(41,830,556)	-	-
Governmental activities Long-term debt	$ 385,720,772	$ 99,219,376	$ (101,058,581)	$ 383,881,567	$ 43,057,998
Business-type activities:					
Utility System revenue bonds	$ 346,395,000	$ 80,295,000	$ (30,390,000)	$ 396,300,000	$ 26,260,000
General obligation bonds	26,845,000	-	(8,740,000)	18,105,000	7,675,000
Certificates of obligation	167,365,000	4,180,000	(15,225,000)	156,320,000	17,490,000
Unamortized premium and defeased debt costs	34,656,605	11,120,467	(7,813,416)	37,963,656	-
Commercial Paper	163,280,000	243,865,000	(247,705,000)	159,440,000	-
Derivative instruments-energy risk management	265,113	396,079	-	661,192	110,238
Compensated absences	2,938,779	621,434	(467,851)	3,092,362	2,565,080
OPEB liability	3,900,579	16,847,381	-	20,747,960	-
Net pension liability	15,622,201	-	(15,622,201)	-	-
Business-type activities Long-term debt	$ 761,268,277	$ 357,325,361	$ (325,963,468)	$ 792,630,170	$ 54,100,318

Internal Service Funds predominantly serve the governmental funds. Accordingly, long-term liabilities for those funds are included as part of the above totals for governmental activities. At year-end $5,000,000 of general obligation bond debt, $17,655,000 of certificates of obligation, $960,827 of compensated absences, $894,438 of unamortized premium costs, and $9,669,692 of OPEB liabilities from the Internal Service Funds are included in the governmental activities general obligation bonds, certificates of obligation, compensated absences, and OPEB, liabilities. Also, for the governmental activities, compensated absences, net pension liabilities, and OPEB claims payable are generally liquidated by the General Fund.

The proceeds of $25,775,000 from the sale of certificates of obligation for governmental activities are reported as follows:

Fund	Certificates of Obligation	Total Bonded Debt
Capital Project Fund – proceeds from issuance of debt	$25,365,000	$ 25,365,000
Internal Service Fund statement of cash flows – proceeds from sale	410,000	410,000
Total	$25,775,000	$ 25,775,000

A summary of short-term debt transactions for the year ended September 30, 2018, is as follows:

	Balance at October 1, 2017	Increased	Retired	Balance at September 30, 2018
Governmental activities:				
Commercial Paper	$ -	$ 6,000,000	$ -	$ 6,000,000
Governmental activities short-term debt	$ -	$ 6,000,000	$ -	$ 6,000,000

Commercial paper notes (CP) are short-term instruments that have maturities ranging from 1 to 270 days. Interest is paid at maturity but principal is rolled forward by issuing new CP. This process continues, typically for three years, until general obligation bonds (GOs) are issued to refinance outstanding CP. Only after GOs are issued do principal payments begin. The combined amortization of the CP and the GOs is set to not exceed 20 years. Utilization of CP enables the City to lower overall debt payments due to the deferral of principal payments and by taking advantage of lower interest rates. CP is only issued as the funds are required throughout the year. Only projects that have been approved as part of a bond referendum may be funded by GO commercial paper.

Long-term debt at September 30, 2018, includes the following individual issues (not including the unamortized premium costs of $53,872,393):

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
General obligation bonds:						
2008A Refunding	4.00 – 5.00	6/15/2008	2/15/2025	$ 57,760,000	$ 57,760,000	$ -
2011A Refunding	2.00 – 4.00	11/01/2011	2/15/2024	17,995,000	11,080,000	6,915,000
2011B Refunding	2.00 – 5.00	11/01/2011	2/15/2028	41,360,000	6,050,000	35,310,000
2013 Refunding	2.00 – 4.00	6/06/2013	2/15/2019	12,280,000	11,710,000	570,000
2014 Refunding	2.00 – 3.00	2/20/2014	2/15/2022	18,450,000	9,835,000	8,615,000
2014A Refunding	3.00 – 5.00	11/20/2014	2/15/2020	34,215,000	21,510,000	12,705,000
2015A Refunding	2.00 – 5.00	2/19/2015	2/15/2035	22,695,000	1,920,000	20,775,000
2015B Refunding	2.00 – 2.55	2/19/2015	2/15/2025	22,490,000	1,350,000	21,140,000
2016 Refunding	5.00 -- 5.00	12/14/2016	2/15/2027	42,040,000	8,850,000	33,190,000
2017 Refunding	2.00 – 5.00	6/13/2017	2/15/2035	41,140,000	350,000	40,790,000
				$ 310,425,000	$ 130,415,000	$ 180,010,000
Certificates of Obligation:						
2008 Various purpose	3.00 – 4.75	6/15/2008	2/15/2028	$ 15,965,000	$ 15,965,000	$ -
2009 Various purpose	3.00 – 5.25	5/15/2009	2/15/2029	22,985,000	8,220,000	14,765,000
2010 Electric utility	2.00 – 5.00	3/01/2010	2/15/2030	126,885,000	6,490,000	120,395,000
2010 Various purpose	2.00 – 4.50	4/15/2010	2/15/2030	3,205,000	1,655,000	1,550,000
2011 Various purpose	2.00 – 4.25	6/15/2011	2/15/2031	4,260,000	2,500,000	1,760,000
2012 Various purpose	2.00 – 3.375	6/01/2012	2/15/2032	6,755,000	4,155,000	2,600,000
2013 Various purpose	2.00 – 4.00	6/06/2013	2/15/2033	12,725,000	5,785,000	6,940,000
2014 Various purpose	2.00 – 4.00	6/19/2014	2/15/2034	13,475,000	6,590,000	6,885,000
2015 Various purpose	2.50 – 5.00	6/30/2015	2/15/2035	18,205,000	4,645,000	13,560,000
2015 Electric utility	5.00 – 5.00	8/27/2015	2/15/2020	53,870,000	30,730,000	23,140,000
2016 Various purpose	2.00 – 5.00	6/01/2016	2/15/2036	20,210,000	3,645,000	16,565,000
2017 Various purpose	2.00 – 5.00	6/13/2017	2/15/2037	18,140,000	1,535,000	16,605,000
2018 Various purpose	3.375 – 5.00	6/26/2018	2/15/2038	29,955,000	-	29,955,000
				$ 346,635,000	$ 91,915,000	$254,720,000

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Cumulative Retirement	Outstanding
Utility system revenue bonds:						
2008 Electric Utility	3.25 – 4.75	6/15/2008	3/01/2028	$ 10,115,000	$ 10,115,000	$ -
2008 Water & Sewer	3.00 – 5.25	6/15/2008	3/01/2028	39,900,000	39,900,000	-
2009 Electric Utility	3.25 – 5.25	5/15/2009	3/01/2029	11,760,000	7,210,000	4,550,000
2009 Water & Sewer	2.00 – 4.75	5/15/2009	3/01/2029	18,090,000	6,665,000	11,425,000
2010 Water & Sewer	2.00 – 4.75	4/15/2010	3/01/2030	21,270,000	6,265,000	15,005,000
2011 Electric Utility	2.00 – 5.00	6/15/2011	3/01/2031	7,185,000	1,075,000	6,110,000
2011 Water & Sewer	2.00 – 5.00	6/15/2011	3/01/2031	19,205,000	2,680,000	16,525,000
2011A Electric Utility	3.00 – 5.00	11/01/2011	3/01/2024	20,830,000	9,540,000	11,290,000
2011A Water & Sewer	3.00 – 5.00	11/01/2011	3/01/2024	30,150,000	13,705,000	16,445,000
2012 Water & Sewer	2.00 – 4.00	6/01/2012	3/01/2032	8,415,000	2,085,000	6,330,000
2013 Electric Utility	2.00 – 2.25	6/06/2013	3/01/2025	11,790,000	3,290,000	8,500,000
2013 Water & Sewer	3.00 – 3.375	6/06/2013	3/01/2033	29,925,000	8,025,000	21,900,000
2014 Electric Utility	2.00 – 5.00	6/30/2014	3/01/2034	85,305,000	10,390,000	74,915,000
2014 Water & Sewer	3.00 – 3.375	6/19/2014	3/01/2034	38,175,000	9,550,000	28,625,000
2015 Electric Utility	2.00 – 5.00	2/19/2015	3/01/2025	15,355,000	4,450,000	10,905,000
2016A Electric Utility	2.00 – 5.00	12/14/2016	3/01/2026	12,055,000	1,120,000	10,935,000
2016B Electric Utility	4.00 – 5.00	12/14/2016	3/01/2037	36,875,000	1,110,000	35,765,000
2016 Water & Sewer	3.00 – 5.00	12/14/2016	3/01/2027	16,715,000	1,365,000	15,350,000
2017 Water & Sewer	4.00 – 5.00	6/13/2017	3/01/2028	21,430,000	-	21,430,000
2018 Electric Utility Ref	3.625 – 5.00	6/12/2018	3/01/2048	31,985,000	-	31,985,000
2018 Water & Sewer Ref	3.5 – 5.00	6/12/2018	3/01/2038	48,310,000	-	48,310,000
				$ 534,840,000	$138,540,000	$396,300,000

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Tax anticipation notes						
2017 Tax anticipation	1.15	9/28/2017	3/01/2018	$ 8,305,000	$ 8,305,000	$ -
2018 Tax anticipation	2.23	9/28/2018	2/15/2019*	12,195,000	-	12,195,000
				$ 20,500,000	$ 8,305,000	$ 12,195,000

*The City considers this short-term. The notes were called and final payment was made on February 20, 2019.

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Commercial Paper						
2014 Electric Commercial Paper Issue	0.88	8/14/2017	10/10/2017	$ 29,895,000	$ 29,895,000	$ -
2016 Electric Commercial Paper Issue	1.096	9/29/2016	05/31/2019	131,970,000	-	131,970,000
2018 Electric Commercial Paper Issue	1.55	8/03/2018	10/01/2018	11,000,000	-	11,000,000
2018 Electric Commercial Paper Issue	1.70	9/04/2018	11/02/2018	5,470,000	-	5,470,000
2018 Electric Commercial Paper Issue	1.66	9/05/2018	10/04/2018	11,000,000	-	11,000,000
2015 Water/Sewer Commercial Paper Issue	0.88	5/02/2018	6/12/2018	10,000,000	10,000,000	-
2015 Water/Sewer Commercial Paper Issue	0.87	5/04/2018	6/12/2018	45,000,000	45,000,000	-
				$ 244,335,000	$ 84,895,000	$159,440,000

Commercial paper notes (CP) related to the enterprise funds are considered long-term instruments. Interest is paid at maturity but principal is rolled forward by issuing new CP. This process continues, typically for three years, until revenue bonds are issued to refinance outstanding CP. Only after revenue bonds are issued do principal payments begin. The combined amortization of the electric revenue bonds is set to not exceed 30 years. The combined amortization of the water and sewer revenue bonds is set to not exceed 20 years. Utilization of CP enables the City to lower overall debt payments due to the deferral of principal payments and by taking advantage of lower interest rates. CP is only issued as the funds are required throughout the year. Only projects that have been approved as part of a bond referendum may be revenue commercial paper.

The annual requirements to amortize outstanding debt as of September 30, 2018, including interest payments of $261,136,370 are summarized in the table below. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable, and are excluded from the summary:

Governmental Activities

Years Ending September 30,	General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest
2019	$ 19,525,000	$ 6,377,022	$ 8,585,000	$ 4,246,895
2020	20,265,000	5,519,547	8,640,000	3,701,362
2021	19,540,000	4,710,497	8,895,000	3,324,937
2022	18,620,000	3,955,624	8,810,000	2,944,762
2023	16,055,000	3,252,111	8,595,000	2,567,587
2024-2028	53,080,000	7,433,371	34,010,000	7,676,619
2029-2033	10,240,000	1,570,372	15,410,000	2,354,272
2034-2038	4,580,000	143,691	5,455,000	438,585
Total	$161,905,000	$ 32,962,235	$ 98,400,000	$ 27,255,019

Business-type Activities

Years Ending September 30,	Revenue Bonds		General Obligation Bonds		Certificates of Obligation	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 26,260,000	$ 18,695,082	$ 7,675,000	$ 712,075	$ 17,490,000	$ 7,352,569
2020	28,270,000	16,682,594	6,750,000	352,650	18,340,000	6,445,725
2021	29,505,000	15,420,453	2,990,000	109,150	10,405,000	5,737,500
2022	30,800,000	14,056,788	675,000	17,525	11,345,000	5,203,725
2023	32,235,000	12,599,587	-	650	11,210,000	4,643,550
2024-2028	118,860,000	44,533,450	15,000	1,675	59,695,000	14,654,050
2029-2033	76,755,000	21,733,097	-	-	27,835,000	1,409,125
2034-2038	40,145,000	7,071,381	-	-	-	-
2039-2043	5,965,000	2,508,090	-	-	-	-
2044-2048	7,505,000	975,625	-	-	-	-
Total	$396,300,000	$154,276,147	$ 18,105,000	$ 1,193,725	$156,320,000	$ 45,446,244

At September 30, 2018, the City has authorized but unissued general obligation bonds and general obligation commercial paper in the amount of $104,361,586 as follows:

	Balance at Oct.1, 2017	General Obligation Bonds Issued	GO Commercial Paper Issued	Balance at Sept.30, 2018
Streets Improvements	$ 71,872,399	$ -	$ 593,834	$ 71,278,565
Park Improvements	16,482,073	-	676,244	15,805,829
Drainage Improvements	9,623,650	-	1,714,723	7,908,927
Municipal Facilities	7,759,622	-	485,874	7,273,748
Library Improvements	26,138	-	-	26,138
Public Safety	1,232,863	-	27,277	1,205,586
Economic Development	3,364,841	-	2,502,048	862,793
	$ 110,361,586	$ -	$ 6,000,000	$ 104,361,586

A reconciliation was performed in FY2018 to the authorized but unissued general obligation bonds and it was determined that corrections were necessary. The beginning balances have been restated to correctly reflect the outstanding balances.

General Obligation Refunding Bonds do not impact the authorized but unissued General Obligation bonds. The City intends to retire all general long-term debt, plus interest, from ad valorem taxes and other current revenues. Revenue Bonds, applicable Certificates of Obligation and applicable General Obligation Bonds are reflected in the appropriate Proprietary Fund operation. Current requirements for principal and interest expenses are accounted for in the appropriate Proprietary Fund operation.

The City has pledged future Electric, Water and Sewer utility revenues, net of specified operating expenses, to repay $281,904,994 in outstanding Electric Utility System Revenue Bonds and $268,674,153 in outstanding Water & Sewer Utility System Revenue Bonds. Proceeds from the revenue bonds provide financing for the acquisition and construction of various Electric, Water and Sewer assets. The bonds are payable solely from Electric net revenues and are payable through 2048. Water and Sewer bonds are payable solely from net revenues from Water and Sewer and are payable through 2038. Principal paid and interest incurred for the current year was as follows:

Utility Revenue Bonds	Principal	Interest	Total	Pledged Revenue
Electric	$ 10,640,000	$ 8,095,963	$ 18,735,963	$ 61,376,465
Water & Sewer	13,905,000	7,034,058	20,939,058	44,993,389

Certificates of Obligation and General Obligation Bonds applicable to Proprietary Fund operations are reflected in the appropriate Enterprise and Internal Service Funds and current requirements for principal and interest expenses are accounted for in the applicable fund. These requirements will be met by current revenues.

Debt issues for the year are as follows:

Issue	Principal	Purpose
Certificates of Obligation, Series 2018	$ 29,955,000	Constructing, equipping, and improving municipal park and recreation facilities, library facilities, municipal landfill/transfer stations facilities, fleet services facilities, the Firewheel Golf Park, and information management services systems; constructing and improving streets, including drainage, landscaping, curbs, gutters, sidewalks, signage, traffic, signalization, and street noise abatement incidental thereto and the acquisition of land and rights-of-way therefor; acquiring public safety, environmental waste services, Firewheel Golf Park, stormwater maintenance and street department equipment; acquiring, constructing, renovating, improving and equipping exiting municipal buildings, including HVAC replacement upgrade, roof replacement and safety upgrades; constructing drainage improvements, including bridge remediation; constructing and equipping facilities for the City's economic development department; and professional services rendered in connection therewith.
Electric Utility System Revenue Refunding Bonds, New Series 2018	31,985,000	Bond and commercial paper refunding
Water & Sewer System Revenue Refunding Bonds, New Series 2018	48,310,000	Commercial paper refunding
Tax Anticipation Note, Series 2018	12,195,000	Short term capital projects

On June 12, 2018, the City issued $5,225,000 in Electric Utility System Revenue Refunding Bonds, New Series 2018 to refund $5,845,000 of outstanding Electric Utility System Revenue Bonds, Series 2008. An amount of $5,925,484 was placed with an escrow agent to provide for debt service payments on the refunded bonds at the call date. The refunded bonds are considered defeased and the liability for those bonds have been removed from the City's financial statements. As a result of the refunding, the City decreased its total debt service payments over the next ten years by $599,925, and obtained an economic gain (difference between the present values of the debt service payments of the old and new debt) of $502,199.

F. Retirement Plans

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credit with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credit for service since the plan began are 200% of the employee's accumulated contributions. In addition, the City granted another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his/her salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

A summary of the plan provisions for the City are as follows:

Employee deposit rate	7%
Matching ratio (City to employee)	2 to 1
Years required to vesting	5
Service retirement eligibility	age 60 with five or more years of service or with 20 years of service regardless of age

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	1,366
Inactive employees entitled to but not yet receiving benefits	608
Active employees	2,005
	3,979

Contributions

The contribution rate for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees of the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.11% and 11.26% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for fiscal year 2018, were $16,665,242, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on service-related table. Mortality rates for active members, retirees, and beneficiaries were based on gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over a four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 thru 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return (Arithmetic)	
Domestic Equity	17.5	%	4.55	%
International Equity	17.5		6.35	
Core Fixed Income	10.0		1.00	
Non-Core Fixed Income	20.0		3.90	
Real Return	10.0		3.80	
Real Estate	10.0		4.50	
Absolute Return	10.0		3.75	
Private Equity	5.0		7.50	
Total	100.0	%		

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments to current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at December 31, 2016	$906,262,805	$848,810,046	$ 57,452,759
Changes for the year:			
Service Cost	22,270,032		22,270,032
Interest (on the total pension liability)	60,506,232		60,506,232
Difference between expected and actual experience	928,620		928,620
Benefit payments, including refunds of employee contributions	(42,018,404)	(42,018,404)	-
Contributions-employer		15,640,715	(15,640,715)
Contributions – employee		10,035,625	(10,035,625)
Net investment income		117,621,308	(117,621,308)
Administrative expense		(609,672)	609,672
Other		(30,898)	30,898
Net changes	41,686,480	100,638,674	(58,952,194)
Balance at December 31, 2017	$947,949,285	$949,448,720	$ (1,499,435)

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1 % Increase 7.75%
$ 114,618,370	$ (1,499,435)	$ (98,885,496)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Pensions

For the year ended September 30, 2018, the City recognized pension expense of $18,775,910.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 804,115	$ (3,630,607)
Difference in assumption changes	6,956,291	-
Difference between projected and actual investment earnings on pension plan investments	-	(23,588,768)
Employer contributions subsequent to the measurement date	12,622,974	-
	$ 20,383,380	$ (27,219,375)

Deferred outflows of resources of $12,622,974 related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows or resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30,	
2019	$ 2,689,380
2020	873,520
2021	(11,179,575)
2022	(11,881,429)
2023	39,135
Total	$ (19,458,969)

G. Other postemployment benefits

City of Garland other postemployment benefit plan

Plan Description

The City makes available health care benefits to all employees who work for the City of Garland a minimum of five years, meet the Texas Municipal Retirement System (TMRS) criteria listed on page 70, and elect coverage at the time of retirement and maintain continuous, uninterrupted coverage. Benefit provisions are established by management and funding is approved by City Council annually, during the budget process.

In 2008, the City established an irrevocable trust fund in an effort to begin funding the actuarial determined OPEB unfunded liability and to ensure that funding is available in the future for retiree medical benefits. In 2018, the City Council approved a transfer of $1,250,000 to the trust, and a long-term funding strategy was implemented to increase the annual contribution to this trust with a goal of fully funding the annual OPEB obligation after ten years.

The OPEB trust investments are held in the Public Agencies Retirement Services (PARS) Post-retirement Health Care Plan Trust by its trustee, US Bank. US Bank has delegated investment management responsibilities to HighMark Capital Management, Inc. (Investment Manager), a SEC-registered investment advisor. The Trust investment guideline mandates a diversified portfolio designed to generate long-term returns that, when combined with contributions, will result in sufficient assets to pay future obligation associated with the retiree health plan.

Benefits Provided

The City of Garland provides insurance to eligible pre-65 retirees, their spouses and dependents through the City's self-insured group health plan. Post-65 retirees are offered a fully insured Medicare Supplement Plan through Hartford, who assumes all claims risk liability on this group of retirees. The City makes contributions towards retiree health care benefits. However, the City reduces its liability and risk by capping the annual increase to the City contribution to a maximum of 3% per year. For FY2018, the monthly City contribution per participant for the retiree group as a whole was $459.

As of December 31, 2017 biennial actuarial valuation, the Plan's membership consisted of the following:

Number of plan members	Medical
Retirees and dependents currently receiving benefits	310
Inactive members entitled to benefits, but not yet receiving them	441
Active members	1,871
Total	2,622

Contributions and Funding Policy

The City has the authority to establish and amend the Plan contributions. The City makes an annual contribution to the Trust fund; the funding is established and approved by City Council as part of the City budget process. For the year ended September 30, 2018, the City's average contribution rate was 3.38 percent of the covered-employee payroll. Monthly retiree premiums are utilized to fund current medical claims and are based on the benefit election of the Plan member.

Net OPEB Liability

The City's net OPEB liability was measured as of December 31, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

Actuarial Valuation Date	12/31/2017
Actuarial Cost Method	Entry Age Normal
Asset valuation method	Market value
Inflation	2.50%
Projected salary increase	3.00%
Discount rate	4.14%
Healthcare cost trend rates	All years capped at 3.0%
Mortality	Combined RP-2014 Dynamic table projected using MP-2017 representative rates per thousand for the RP-2014 mortality table

Rate of Return

The long-term expected rate of return on OPEB plan investments will be managed on a total return basis which takes into consideration both investment income and capital appreciation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return (Arithmetic)	
Large Cap Core	26.50	%	6.70	%
Mid Cap Core	5.00		7.00	
Small Cap Core	7.50		7.90	
Real Estate	1.75		5.70	
International	6.00		7.30	
Emerging Markets	3.25		9.70	
Short Term Bond	10.00		3.80	
Intermediate Term Bond	33.50		4.50	
High Yield	1.50		6.00	
Cash	5.00		2.10	
Total	100.00	%		

The long-term expected rate of return 6.75%

Discount rate

The discount rate used to measure the Total OPEB Liability was 4.14%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the OPEB plan's Fiduciary Net Position was projected to be available to make all projected future benefits payments to current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all period of projected benefit payments to determine the total OPEB liability.

The discount rate for the 12/31/2017 measurement was 4.14% which caused an actuarial gain.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) – (b)
Balance at December 31, 2016	$70,652,262	$ 3,767,364	$ 66,884,898
Changes for the year:			
Service Cost	2,260,181		2,260,181
Interest (on the total OPEB liability)	3,284,435		3,284,435
Difference between expected and actual experience	(1,303,593)		(1,303,593)
Change in assumptions	7,017,755		7,017,755
Benefit payments, including refunds of employee contributions	(3,529,580)	(3,529,580)	-
Contributions-employer		4,779,579	(4,779,579)
Net investment income		527,289	(527,289)
Administrative expense		(21,120)	21,120
Net changes	7,729,198	1,756,168	5,973,030
Balance at December 31, 2017	$78,381,460	$ 5,523,532	$ 72,857,928

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.14%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.14%) or 1-percentage-point higher (5.14%) than the current rate:

1% Decrease 3.14%	Current Single Rate Assumption 4.14%	1 % Increase 5.14%
$ 87,187,486	$ 72,857,928	$ 61,892,285

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, calculated using the discount rate of 4.14%, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percernage point higher than the current healthcare cost trend rate

1% Decrease 2.0%	Current Single Rate Assumption 3.0%	1 % Increase 4.0%
$ 62,019,181	$ 72,857,928	$ 86,762,734

OPEB Plan Fiduciary Net Position

The Plan is a single-employer plan and does not issue a publicly available financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of $6,502,862.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ -	$ (1,009,564)
Difference in assumption changes	5,434,885	-
Difference between projected and actual investment earnings on pension plan investments	-	(196,694)
Employer contributions subsequent to the measurement date	2,792,726	-
	$ 8,227,611	$ (1,206,258)

Deferred outflows of resources of $2,792,726 related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in OPEB expense as follows:

Year ended September 30,	
2019	$ 1,239,668
2020	1,239,668
2021	1,239,668
2022	509,623
Total	$ 4,228,627

Supplemental Death Benefits Plan (SDBF)

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members and retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (pay as you go plan). The retiree portion of the SDBF is considered to be a single-employer, defined benefit OPEB plan.

Detail information about the SDBF OPEB plan is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employee's entire careers. The SDBF contribution rate for retirees is .04%.

As of December 31, 2017, membership in the plan consisted of the following:

Inactive employees currently receiving benefits	1,061
Inactive members entitled to benefits, but not yet receiving them	199
Active members	2,005
Total	3,265

The City's OPEB liability is measured as of December 31, 2017, and the total OPEB liability was determined by an actuarial valuation as of December 31, 2017.

Actuarial Assumptions

Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP 2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to a 3% floor.

Discount rate: For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of measurement date. The municipal bond rate is 3.31% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA index").

Changes in Total OPEB Liability

Beginning at December 31, 2016	$ 6,225,775
Service Cost	214,962
Interest on the total OPEB liability	238,314
Change in assumptions	542,752
Benefit payments	(57,323)
Net change in total OPEB liability	938,705
Ending at December 31, 2017	$ 7,164,480

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB liability of the City, calculated using the discount rate of 3.31%, as well as what the City's Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.31%) or 1-percentage-point higher (4.31%) than the current rate:

1% Decrease 2.31%	Current Discount Rate Assumption 3.31%	1 % Increase 4.31%
$ 8,548,658	$ 7,164,480	$ 6,077,217

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of $540,395.

At September 30, 2018, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources
Difference in assumption changes	$ 455,633
Employer contributions subsequent to the measurement date	45,653
	$ 501,286

Deferred outflows of resources of $45,653 related to OPEB resulting from retiree contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows or resources related to pensions will be recognized in OPEB expense as follows:

Year ended September 30,	
2019	$ 87,119
2020	87,119
2021	87,119
2022	87,119
2023	87,119
Thereafter	20,038
Total	$ 455,633

H. Self-Insurance

Self-insurance for general and auto liability exposure and workers' compensation is maintained in the Self-Insurance Fund of the Internal Service Fund. A private insurance company administers workers' compensation claims and losses for the City. Self-insurance premiums of $5,712,229 were collected from funds that participate in these. Claims settlement and loss expenses are accrued in the Self-Insurance Fund for the estimated settlement value of claims reported and incurred but not reported arising from incidents during the period. A liability, insurance claims payable, has been established. The reported liability includes actuarially determined present value projected losses for general, auto, and workers' compensation exposure. In determining projected losses, coverages with material incurred losses were compared to expected industry loss levels for prior periods. Based on this comparison, an experience modifier was selected and applied to current indicated industry premiums per exposure unit to obtain expected losses as of September 30, 2018, at the selected per occurrence limits. Based on a current independent actuarial analysis completed in December 2018 claims payable as of September 30, 2018 was estimated at $6,500,950.

Long-Term Disability (LTD) claims are paid from the LTD Insurance Fund, which is funded with City and employee contributions. A private company administers the long-term disability claims and losses for the City. Based on a current independent actuarial analysis, an actuarially determined liability of $3,112,604 has been established for projected future claims.

Group medical benefits are paid from the Group Health Fund, which has an annually negotiated stop loss provision. Revenues are recognized from payroll deductions for employee dependent coverage and from City contributions for employee coverage. At September 30, 2018, a short-term liability of $2,223,841 was recognized for open claims and claims incurred but not reported. The claims incurred but not reported are calculated based on a monthly average for claims paid during the current fiscal year.

There were no significant reductions in insurance coverage in the current year from coverage in the prior year, nor have there been any settlements that have exceeded insurance coverage for each of the past three fiscal years.

Changes in the self-insurance, long-term disability and group health insurance claims payable in fiscal years 2017 and 2018 were:

Internal Service Fund	Beginning of Fiscal Year Liability	Current Year Claims	Changes in Estimates	Claim Payments	Balance at Fiscal Year – End	Current Portion
Self-Insurance – 2017	$ 7,262,640	$ 760,911	$ -	$ 760,911	$ 7,262,640	$ 2,774,500
Self-Insurance – 2018	7,262,640	4,052,123	(761,690)	4,052,123	6,500,950	2,774,500
Long-Term Disability – 2017	2,875,700	440,182	-	440,182	2,875,700	490,000
Long-Term Disability – 2018	2,875,700	175,051	236,904	175,051	3,112,604	490,000
Group Health – 2017	1,881,834	21,006,586	(217,946)	21,006,586	1,663,888	1,663,888
Group Health – 2018	1,663,888	21,174,363	559,953	21,174,363	2,223,841	2,223,841

I. Texas Municipal Power Agency

The Texas Municipal Power Agency (TMPA) was created in 1975 pursuant to legislation that was passed by the 64th Legislative Session. TMPA, a municipal corporation, is governed by a Board of Directors, where each member city appoints two representatives to the Board. In 1976, the City along with the cities of Bryan, Denton, and Greenville (collectively "the Cities") entered into identical Power Sales Contracts with TMPA. Under the Power Sales Contracts each member city is required to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at rates set to cover TMPA's operating cost and retirement of debt. In the event that revenues are insufficient to cover all costs to retire the outstanding debt, each of the member cities has guaranteed a portion of the unpaid debt based on a percentage. The City's percentage requirement was 47%. On September 1,2018, TMPR made the final debt service payment on its generation debt, which extinguished the City's obligation with respect to such debt. With the extinguishment of TMPA's generation debt and the election of the Cities to not extend the Power Sales Contract beyond September 30, 2018, the Power Sales Contract expired. Each of the Cities has the right to enter into a new power sales contract with TMPA; however, none of the Cities have exercised this right.

TMPA and the Cities entered into a Joint Operating Agreement (JOA) effective September 1, 2016. The JOA represents the post-Power Sales Contract plans for TMPA and the Cities. The JOA divides TMPA assets and operations into three business categories – generation, transmission, and mining.

The City pays TMPA a pro-rated monthly charge based on the City's contractual portion of TMPA's annual fixed operating costs and debt service payments which is currently 47%. During 2018, the City paid TMPA $38,599,035 for these charges for the year. It is anticipated that the City will pay $3,417,637 for these charges during FY2019.

Total debt of TMPA at September 30, 2018, amounted to $210,575,000 of which $4,150,000 represented the current portion. TMPA's outstanding long-term debt and short-term debt obligations are all associated with TMPA's transmission system and are payable from and secured by TMPA's transmission net revenues.

TMPA
Outstanding Debt Amounts
September 30, 2017
(reported in thousands)

	Long-Term	Current	Total
Revenue Bonds	$ 186,925	$ 4,150	$ 191,075
Tax Exempt Commercial Paper	19,500	-	19,500
	$ 206,425	$ 4,150	$ 210,575

On March 1, 2010, the City issued Combination Tax & Electric Utility System Revenue Refunding Bonds, Series 2010 with a maturity of 20 years for the purpose of prepaying certain contractual obligations to TMPA. The principal amount of the bonds was $126,885,000 with a reoffering premium and other bond issuance costs of $11,367,850 for a total of $138,252,850. Since the proceeds of this debt issuance were placed with TMPA and the City received an economic benefit over a period of years, an Other Asset was recorded in the Electric Fund Statement of Net Position in the amount of $138,252,850. The City is amortizing the Other Asset over a period of 20 years with a half year convention. On September 30, 2017, the City impaired 37.9% of the generation portion, for a total of $50,045,780. The impaired portion was recorded as a GASB 62 Regulatory Asset in Others Assets to be amortized through FY2030. The City has recorded a total of $58,747,461 of accrued amortization, leaving a balance in the Other Assets account of $79,495,389 at September 30, 2018.

TMPA GASB 42 Impairment of TMPA Other Asset Costs

The TMPA Board of Directors approved a plan to suspend Gibbons Creek generation activities indefinitely. The notification was submitted to ERCOT on December 21, 2018. The remaining generation portion of the TMPA Other Asset becomes impaired as a result of this determination. The asset impairment was calculated based on Continued Service Units as follows:

Operation Year	Budgeted MWH's	% Continued Service Units
2018 – Seasonal Operations	810,431	
2019 – Suspended indefinitely	-	0.0%

TMPA GASB 62 Regulatory Asset

City of Garland's Series 2010 debt issuance funded TMPA costs and was recorded as Other Assets to be amortized over the life of the debt. The Series 2010 debt issuance will be paid off in 2030. The City of Garland included the Series 2010 debt service as a part of cost of service.

To qualify to utilize GASB 62, the following must apply:

- The regulated business-type activity's rate for regulated services provided to its customers are established by or are subject to approval of an independent, third-party regulator or by its own governing board empowered by statute or contract to establish rates that bind customers.
- The regulated rates are designed to recover the specific regulated business-type activity's costs of providing the regulated services.
- In view of the demand for the regulated services or products and the level of competition, direct and indirect, it is reasonable to assume that rates set at levels that will recover the regulated business-type activity's costs can be charged to and collected from customers. This criterion requires consideration of anticipated changes in levels of demand or competition during the recovery period for any capitalized costs.

The City of Garland qualifies to utilize GASB 62 due to:

- State and local statues empower the City of Garland City Council to establish retail rates.
- The City of Garland specific costs are recovered through City of Garland retail rates.
- Current and projected customer demand support the recovery of City of Garland cost of service.

A regulatory asset will be established on September 30, 2018, and will be amortized through 2030.

	Generation	Transmission	GASB 62 Regulatory Asset	Total Other Asset
Balance Sept. 30, 2017	$ 30,565,772	$ 5,796,479	$ 50,045,780	$ 86,408,031
Other asset amortization	(2,445,262)	(463,718)	(4,003,662)	(6,912,642)
	28,120,510	5,332,761	46,042,118	79,495,389
Impairment	(28,120,510)	-	-	(28,120,510)
GASB 62 regulatory asset	-	-	28,120,510	28,120,510
Balance Sept 30, 2018	$ -	$ 5,332,761	$ 74,162,628	$ 79,495,389

Financial statements for TMPA are available from the TMPA website texasmpa.org or through the City of Garland Financial Services Department.

J. Deferred Compensation Plan

The City offers its employees a voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan, available to all permanent City employees, permits participants to contribute annually the amount per IRS limitations on a tax-deferred basis up to the annual contribution limit allowed by the IRS. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under this plan, all property and rights purchased with those amounts, and all income attributable to these amounts, property, or rights are held in trust for the exclusive benefits of participants and their beneficiaries. Therefore, the Deferred Compensation Investments are no longer reported in the City's financial statements.

K. Conduit Debt Information

The discrete component unit was created to issue revenue bonds to provide financial assistance to qualified homeowners. Even though the bonds are outstanding, there is no liability to the City or the component unit (no commitment debt), as all liability transfers to the trustee of the bond issue. A summary of outstanding conduit bonds at December 31, 2017, is as follows:

Series	Garland Housing Finance Corporation	Total
2005	$ 11,986,788	$ 11,986,788
	$ 11,986,788	$ 11,986,788

L. Business-Type Blended Component Unit

The Garland Foundation for Development (GFFD) was organized to promote economic development within the City of Garland. GFFD is reported as a blended component unit of the non-major enterprise golf fund. A summary of the condensed combining information at September 30, 2018, is as follows:

Golf Fund Condensed Statement of Net Position

	Golf	GFFD	Eliminating Entries	Total
Current Assets	$ 459,062	$ 5,170	$ -	$ 464,232
Other Assets	278,422	-	-	278,422
Capital Assets	15,437,358	-	-	15,437,358
Total Assets	16,174,842	5,170	-	16,180,012
Deferred outflow of resources-pensions	115,587	-	-	115,587
Deferred outflow of resources-OPEB	66,443	-	-	66,443
Total deferred outflow	182,030	-	-	182,030
Current Liabilities	216,901	-	-	216,901
Other Liabilities	659,527	-	-	659,527
Total Liabilities	876,428	-	-	876,428
Deferred inflow of resources-pensions	154,352	-	-	154,352
Deferred inflow of resources-OPEB	9,182	-	-	9,182
Total deferred inflow	163,534	-	-	163,534
Net Investment in Capital Assets	15,695,408	-	-	15,695,408
Unrestricted Net Position	(378,498)	5,170	-	(373,328)
Net Position	$ 15,316,910	$ 5,170	$ -	$ 15,322,080

Golf Fund Condensed Statement of Revenues, expenses, and changes in Net Position

	Golf	GFFD	Eliminating Entries	Total
Operating Revenues	$ 3,754,933	$ 5,467	$ -	$ 3,760,400
Operating expenses before depreciation	(3,960,824)	(297)	36,981	(3,924,140)
Depreciation	(906,621)	-	-	(906,621)
Total Operating Loss	(1,112,512)	5,170	36,981	(1,070,361)
Gain on disposal of capital assets	206,000	-	-	206,000
Earnings on investments	3,652	-	-	3,652
Net transfers	972,000	36,981	(36,981)	972,000
Change in Net Position	69,140	42,151	-	111,291
Net Position, beginning of year	15,495,456	(36,981)	-	15,458,475
Adjustment to net position, GASB 75	(247,686)	-	-	(247,686)
Net Position, end of year	$ 15,316,910	$ 5,170	$ -	$ 15,322,080

Golf Fund Condensed Statement of Cash Flows

	Golf	GFFD	Eliminating Entries	Total
Net cash provided by (used for) operations	$ (993,585)	$ 787,060	$ -	$ (206,525)
Net cash provided by noncapital financing activities	1,177,259	-	-	1,177,259
Net cash used for capital and related activities	(743,328)	-	-	(743,328)
Net cash used for investing activities	(47,077)	-	-	(47,077)
Net increase (decrease) in cash and cash equivalents	(606,731)	787,060	-	180,329
Cash and cash equivalents at beginning of year	158,610	-	-	158,610
Cash and cash equivalents at end of year	$ (448,121)	$ 787,060	$ -	$ 338,939

The Garland Public Facility Corporation (GPFC) was organized for the purpose of assisting the City in financing, refinancing, or providing public facilities. GPFC is reported as a blended component unit in the non-major governmental fund. As of September 30, 2018, the condensed combining information for GPFC is $3,521,016 for contributed land reported in governmental activities on the government wide statement of net position and statement of activities.

M. Landfill Closure and Postclosure Care Cost

As of September 30, 2018, the total estimated landfill closure/postclosure cost for the City's Castle Drive landfill, Hinton landfill, and transfer station is $2,265,721, $38,425,018 and $35,415 respectively. The $13,464,219 reported as landfill closure and postclosure care liability represents the cumulative amount reported to date based on the use of 100% of the estimated capacity of the Castle landfill, 30.56% use of the Hinton landfill, 100% of the closure cost for the transfer station, less post closure expenditures to date of $578,500. The City will recognize the remaining estimated closure and postclosure care costs of $26,683,434 as the percentage of capacity depletion increases. These amounts are based on an engineering study performed in 1996 and updated in 2015, which estimated cost to perform all closure and postclosure care. In addition, the closure and postclosure care cost were adjusted for inflation annually based on the most recent Implicit Price Deflator for Gross National Product published by the United States Department of Commerce. Actual cost may differ from the estimate due to inflation, changes in technology, or regulatory changes. The Hinton landfill has an estimated remaining useful life of 44 years.

Since the City's Landfill operation is a general government function, a special revenue fund was established to account for actual landfill closure and postclosure care funding sources and expenditures as they are incurred. Based on the City's current landfill closure financial strategy, $2.4 million in Certificates of Obligation will be issued to finance the one time closure cost and the on-going post closure care will be paid from operating funds.

N. Economic Incentives and Tax Abatements

The City enters into economic development and tax abatement agreements in order to spur commercial activity, generate additional sales tax revenue, enhance the property tax base, and provide increased economic vitality to the City. All abatement projects meet a minimum threshold point total based on full-time jobs, annual payroll, value of new or remodeled facilities, value of machinery and equipment, value of inventory, annual sales tax generated, or Garland Power & Light electric usage. All abatements must be approved on a case-by-case basis negotiated by City staff and approved by the City Council. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, expanding operations, renewing facility leases and bringing targeted businesses to the City. Recipients are largely required to meet and maintain minimum thresholds of real and personal property values, full time employees, number of tenants or other provisions specific to an individual recipient. Agreements are generally made for a period of five years and contain recapture provisions which may require repayment or termination if a recipient fails to meet the required provisions.

The City has two categories of economic development agreements:

Tax Abatements – Under Chapter 312 of the Texas Tax Code the City is allowed to designate tax reinvestment zones and negotiate tax abatement agreements with applicants within these zones. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. A summary of Chapter 312 Tax Abatements for the year ended September 30, 2018, is as follows:

Abatement Type	Active Agreements	Total Taxes Abated FY18
Ad Valorem Tax	5	$ -
Business Personal Property Tax	10	-

Tax Rebates – Under Chapter 380 of the Texas Local Government Code, the City is allowed to enter into agreements in order to stimulate economic activity. These agreements may rebate a flat amount or percentage of real property, personal property or sales taxes received by the City. A summary of Chapter 380 tax rebates for the year ended September 30, 2018 is as follows:

Abatement Type	Active Agreements	Total Taxes abated FY18
Ad Valorem Tax	4	$ 373,022
Business Personal Property Tax	3	21,536
Sales Tax	8	1,422,203

O. Commitments and Contingent Liabilities

The City has been named as a defendant or co-defendant in a number of personal injury cases. While the outcome of these cases is not known at this time, the City attorney and City management are of the opinion that any awards to injured parties which must be paid in excess of amounts covered by insurance will not be material to the financial position of the City.

A number of other claims against the City, as well as certain other matters of litigation, are pending with respect to various matters arising in the normal course of the City's operations. The City attorney and City management are of the opinion that the settlement of these other claims and pending litigation will not have a material adverse impact on the City's financial position.

The City participates in a number of State and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement that may arise as the result of these audits is not believed to be material.

On December 19, 2013, the City entered into a twenty (20) year energy purchase power agreement with Spinning Spur Wind Three, LLC. The agreement extends from the start hour 1:00 of the Commercial Operation Date and ends at the completion of hour 24:00 of the day immediately preceding the twentieth (20) anniversary. The City purchases 26% of the output from the 194MW facility. Commercial Operations began September 28, 2015.

On August 28, 2014, the City entered into a twenty-five (25) year energy purchase power agreement with Los Vientos Windpower V, LLC. The agreement extends from the start of hour 1:00 of the Commercial Operation Date and ends at the completion of hour 24:00 of the day immediately preceding the twenty-fifth (25) anniversary. The City purchases 45.96% of the output from the 110MW facility. Commercial Operations began December 23, 2015.

On June 12, 2015, the City entered into a fourteen (14) year energy purchase power agreement with Salt Fork Wind, LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fourteenth (14^{th}) anniversary. The City purchases up to 150MW from the facility. The City has contracts to sell 77% of this energy downstream. Commercial Operations began December 1, 2016.

On October 27, 2015, the City entered into a twenty (20) year energy purchase power agreement with Albercas Wind Energy II, LLC. From the effective date, the agreement extends until 23:59:59 (CPT) on the day prior to the 20th anniversary of the Commercial Operation Date. The City purchases up to 96MW from the facility. The City has contracts to sell 74% of this energy downstream. Commercial Operations began November 13, 2016.

On December 28, 2015, the City entered into a fifteen (15) year energy purchase power agreement with BNB Lemesa Solar LLC. The agreement extends from the start of hour 1:00 (CPT) of the Commercial Operation Date and ends at the completion of hour 24:00 (CPT) of the day immediately preceding the fifteenth (15th) anniversary. The Commercial Operation Date is anticipated to be no later than March 31, 2017. The City will purchase 102 MW from the facility. The City has contracts to sell 49% of this energy downstream. Commercial Operations began April 27, 2017.

On November 20, 2018, the City entered into renewable purchase power agreement with Engie Long Draw Solar LLC. The agreement extends fifteen (15) years following the Commercial Operation Date. The Commercial Operation Date is anticipated to be no later than June 30, 2021. The City will purchase up to 25 MW from the facility

On December 11, 2018, the City entered into a renewable purchase power agreement with Concho Bluff LLC. The agreement extends fifteen (15) years following the Commercial Date. The Commercial Operation Date is anticipated to be no later than December 21, 2021. The City will purchase up to 50 MW from the facility.

The City executed confirmations through December 31, 2026, under its International Swaps and Derivatives Association Inc. (ISDA) Master Agreement to purchase electricity under specific terms and conditions. Management believes the purchase of electricity under the specific terms and conditions of the confirmation were for normal purchases/normal sales and non-speculative in nature.

P. Derivative Instruments

In an effort to mitigate the financial and market risk associated with the purchase of natural gas, energy, and congestion price volatility, the City has established a Risk Management Program. This program was authorized by the City Council and is led by the Risk Oversight Committee. Under this program, the City enters into forward contracts for natural gas and energy for the purpose of reducing exposure to natural gas and energy price risk. Use of these types of instruments for the purpose of reducing exposure to price risk is performed as a hedging activity. These contracts may be settled in cash or delivery of certain commodities. The City typically settles these contracts by delivery of certain commodities.

The City applies GASB Statement No 53 – *Accounting and Financial Reporting for Derivative Instruments*, ("GASB 53"), which addresses the recognition, measurement, and disclosures related to derivative instruments. The City utilizes natural gas commodity swaps to hedge its exposure to fluctuating fuel prices. Since these derivatives are entered into for risk mitigation purposes, the instruments are considered potential hedging derivative instruments under GASB 53. The City evaluated all potential hedging derivative instruments for effectiveness utilizing the consistent critical terms method as or September 30, 2018, and as of September 30, 2017, and determined the derivatives to be effective in substantially offsetting the change in cash flows of the hedgeable items. These derivatives act as cash flow hedges.

At September 30, 2018, the total fair value of outstanding hedge instruments was a net asset of $661,192. Fuel hedging instruments with a fair value of $110,238 are classified on the Statement of Net Position as a current asset. Long-term fuel hedges with a fair value of $550,954 are classified on the Statement of Net Position as a non-current liability. As of September 30, 2017, the total fair value of outstanding hedge instruments was a net asset of $553,669. Fuel hedging instruments with a fair value of $818,782 are classified on the Statement of Net Position as a current asset. Long-term fuel hedges with a fair value of $265,113 are classified as a component of long-term liabilities. Changes in fair value as of September 30, 2018, of $396,080 are reflected in deferred inflows. The following information details the City Electric Fund's hedging derivative instruments below:

Derivative transactions as of September 2018:

Type	Terms	Notional Amount (MMBtu)	Purchase Dates	Maturity Dates	Referenced Index	Fair Value
Commodity Swaps	City pays prices of $2.67 - $3.62	4,261,811	Feb 2015-Feb 2018	Oct 2018-Dec 2021	NYMEX	$ (661,192)
		4,261,811				$ (661,192)

Derivative transactions as of September 2017:

Type	Terms	Notional Amount (MMBtu)	Purchase Dates	Maturity Dates	Referenced Index	Fair Value
Commodity Swaps	City pays prices of $2.755 - $3.62	8,331,612	Feb 2015-June 2017	Oct 2017-Dec 2021	NYMEX	$ 553,669
		8,331,612				$ 553,669

At September 30, 2018, the City had thirteen wholesale customers to provide power supply and/or qualified scheduling entity services. The contract terms extend up to December 31, 2026. For the power supply customers, the City charges an energy charge which is based on the quantity of power supplied multiplied by a fixed price, or multiplied by a fixed heat rate and a fuel index price. In order to hedge the City's risk, the City has entered into corresponding power supply agreements with counterparties to hedge against energy price or heat rate fluctuation in the market.

Congestion Revenue Rights

Pre-assigned Congestion Revenue Rights (PCRRs) and Congestion Revenue Rights (CRRs) function as financial hedges against the cost of resolving congestion in the Electric Reliability Council of Texas (ERCOT) market. These instruments allow the City to hedge expected future congestion that may arise during a certain period. CRRs are purchased at auction, annually and monthly at market value. Municipally owned utilities are granted the right to purchase PCRRs annually at 10-20% of the cost of CRRs. At September 30, 2018, the City held CRRs with a cost and fair market value of $2,648,778, that the City expects to use in normal operations, which is recorded as prepaid expense in the Electric fund.

Risks

Credit Risk. The City's over-the-counter agreements for natural gas and energy expose the City to credit risk. In the event of default, the City's operations will not be materially affected. However, the City does not expect the counterparties to fail to meet their obligations. The City maintains contracts with contractual provisions under the ISDA, EEI (Edison Electric Institute), and NAESB (North American Energy Standards Board) agreements. As of September 30, 2018, the City had outstanding forward purchase contracts extending through December 31, 2026, which are expected to be settled through physical delivery.

The City monitors the credit ratings of all of its counterparties to adhere to the City's Risk Management Policy. Any counterparty that does not have at least a BBB- credit rating must be approved by the Risk Oversight Committee.

The congestion revenue rights expose the City to custodial credit risk in the event of default or nonperformance by ERCOT. In the event of default or nonperformance, the City's operations will not be materially affected. However, the City does not expect ERCOT to fail in meeting their obligations as they are a regulatory entity of the State of Texas.

Basis Risk. The City could be exposed to basis risk on its fuel hedges if the expected commodity purchases being hedged will price based on a delivery point (WAHA/Katy/HSC) different than that at which the financial hedging contracts are expected to settle NYMEX (Henry Hub).

Termination Risk. Termination risk is the risk that a derivative will terminate prior to its scheduled maturity date due to a contractual event. Contractual events include illegality, tax and credit events upon merger and other events. The City's exposure to termination risk for over-the-counter agreements is minimal due to the high credit rating of the counterparties, and the contractual provisions under the ISDA, EEI, and NAESB agreements applied to these contracts. Termination risk is associated with all of the City's derivatives up to their fair value of the instrument.

Close-out Netting Arrangements. The City enters into close-out netting arrangements whenever it has entered into more than one derivative transaction with a counterparty. Under the terms of these arrangements, should one party become insolvent or otherwise default on its obligations, close-out netting provisions permit the non-defaulting party to accelerate and terminate all outstanding transactions and set off the transaction's fair values so that a single sum will be owed by or owed to the non-defaulting party.

Q. GHFC Primrose at Crist Project

On January 17, 2005, GHFC entered into an agreement, to create a partnership to construct and operate a 204-unit rental residential development for seniors to be known as Primrose at Crist located in the City. The original partnership of TX Crist Housing LLP consisted of TX Crist GP LLC, Wachovia Affordable Housing Community Development Corporation a Limited Investment Partner, and TX Crist Development, SLP, L.L.C a Class B Limited Partner. On April 20, 2008 the original partnership agreement was amended to replace TX Crist Development with CAH-IDA Crist Housing as the Class B Limited Partner.

GHFC owns 100% of TX Crist GP LLC, and appoints the president and treasurer (officers) of this limited liability corporation. GHFC issued Conduit Debt amounting to $13,800,000 of variable rate multifamily housing revenue bonds (Primrose at Crist Apartments Project) for the benefit of TX Crist Housing LLP (the bond borrower). GHFC receives an annual issuer fee of 0.01% of the outstanding variable rate multifamily housing revenue bonds that were issued by the bond borrower. The outstanding conduit debt balance at December 31, 2017, is $11,986,788.

On the closing date of the GHFC Variable Rate Multifamily Housing Revenue Bonds, the land for the project was purchased and titled to GHFC. The land and future improvement have been mortgaged to secure repayment to the lender of the GHFC Multifamily notes. In addition, the land was leased over the next 40 years for $900,000. The remaining unearned revenue as of December 31, 2016, related to this transaction of $613,125 will be amortized over the next 28.5 years as rent revenue.

According to the Primrose at Crist Master Agreement TX Crist GP LLC will receive a developer fee that could amount to $500,000. To date, GHFC has received $332,409 of the $500,000. After the developers' fee is paid, TX Crist GP LLC shall be entitled to receive from net operating cash flow after a $10,000 asset management fee is paid, any tax credit shortfalls are paid, any operating deficit loans are paid, and any subordinated property management fees are paid, a cumulative fee equal to 2% of gross collected rent. The officers of TX Crist GP LLC are required to issue annual dividends to GHFC based on the net revenues and expenses of the limited liability corporation. In addition, TX Crist GP LLC owns 0.01% of TX Crist Housing LLP. This equity ownership amounts to less than $10,000 and is not material to the financial operation of GHFC.

Wachovia Affordable Housing Community Development Corporation owns 99.99% of TX Crist Housing LLP. Neither GHFC nor TX Crist GP LLC exercises any control over TX Crist Housing LLP. TX Crist Housing LLP is the borrower of the $13,800,000 variable rate multifamily housing revenue bonds issued by GHFC. In addition TX Crist Housing LLP is responsible for the apartment management. TX Crist Housing LLP is responsible for paying the developer fees, the 0.01% issuer fee, and the 2% gross collected rent.

The financial statements for TX Crist GP LLC are blended with the GHFC financial statements as a component unit since GHFC exercises significant financial control over TX Crist GP LLC. The financial statements for TX Crist Housing LLP are included with neither TX Crist GP LLC nor GHFC financial statements because neither entity exercises control over TX Crist Housing LLP.

R. GHFC HomeTowne at Garland, LP project

In August 2010, GHFC Garland GP, LLC, a Texas limited liability company, of which GHFC is the sole member entered into a Limited Partnership agreement for the formation of HomeTowne at Garland, LP (the "Partnership"). In August 2011, the Limited Partnership agreement was amended and restated whereby the Partnership would be formed to develop, construct, own, maintain, and operate a 144-unit multifamily residential apartment complex intended for rental to Senior Citizens of low and moderate income, to be known as HomeTowne at Garland, and to be located in Garland, Texas under the terms of the agreement. Under the term of the agreement, the Partnership continues until December 31, 2099 unless the Partnership is sooner dissolved by law.

In August 2011, GHFC entered into an Amended and Restated Ground Lease with the Partnership whereby GHFC leased land to the Partnership for the construction and development of HomeTowne at Garland. GHFC continues to own the land and leases the land to the Partnership over a 75 year period terminating on August 31, 2086.

As of December 31, 2014, GHFC received cash of $900,000 in up front lease payments that GHFC has recorded as unearned revenue. For the year ended December 31, 2017, GHFC recognized revenue of $22,148 according to the terms of the lease agreement with an unearned revenue balance of $780,408.

S. Subsequent Events

On December 20, 2018, the City issued $9,700,000 General Obligation Refunding Bonds, Series 2016 to refund $10,530,000 of outstanding Water & Sewer System Revenue Bonds, Series 2009. These bonds were refunded to lower the overall debt service requirements of the City and to pay the cost associated with the issuance of the Bonds. The transaction was a current refunding of outstanding debt.

On December 20, 2018, the City issued $47,270,000 General Obligation Refunding Bonds, Series 2018 to refund $51,840,000 of outstanding General Obligation Refunding Bonds, Series 2011A, General Obligation Refunding Bonds, Series 2011B and Combination Tax & Revenue Certificates of Obligation, Series 2009. These bonds were refunded to lower the overall debt service requirements of the City and to pay the cost associated with the issuance of the Bonds. The transaction was a current refunding of outstanding debt.

On February 19, 2019, the City approved an ordinance to call $12,195,000 of Tax Anticipation Note, Series 2018 to be called on February 20, 2019.

On February 26, 2019, the City issued $147,610,000 Electric Utility System Revenue Refunding Bonds, New Series 2019 to refund $162,095,000 of outstanding Electric Utility System Revenue Bonds, Series 2009, 2016 Electric Commercial Paper issue, and the 2018 Electric Commercial Paper issue. These bonds were refunding to lower the overall debt service requirements of the City and to pay the cost associated with the issuance of the Bonds. The transaction was a current refunding of outstanding debt.

City of Garland, Texas
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018
(unaudited)

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:				
Taxes	$ 83,576,588	$ 83,539,630	$ 83,444,868	$ (94,762)
Franchise fees	8,725,720	8,830,627	8,912,728	82,101
Service charges	23,758,198	25,901,150	27,082,445	1,181,295
Licenses and permits	4,402,210	4,424,193	4,488,052	63,859
Earnings on investments	489,331	693,041	669,993	(23,048)
Intergovernmental	877,714	1,623,657	1,851,230	227,573
Charges for services	9,819,344	9,819,344	9,819,344	-
Fines and forfeits	7,043,109	6,911,065	7,234,696	323,631
Rents and concessions	786,800	790,890	771,769	(19,121)
Total revenues	139,479,014	142,533,597	144,275,125	1,741,528
Expenditures:				
Current:				
General government	11,051,276	12,326,713	11,750,399	576,314
Public safety	92,938,643	95,644,883	95,537,161	107,722
Public works	30,397,956	37,057,941	27,150,168	9,907,773
Culture and recreation	16,894,727	17,554,689	16,471,742	1,082,947
Public health	4,052,071	3,820,800	3,833,685	(12,885)
Nondepartmental	29,612,764	28,447,116	27,873,387	573,729
Total expenditures	184,947,437	194,852,142	182,616,542	12,235,600
Excess (deficit) of revenues over (under) expenditures	(45,468,423)	(52,318,545)	(38,341,417)	13,977,128
Other financing sources (uses):				
Sale of capital assets	435,838	663,653	23,888	(639,765)
Transfer in	51,418,039	52,327,101	45,446,781	(6,880,320)
Transfers out	(14,951,428)	(15,027,103)	(7,394,340)	7,632,763
Total other financing sources (uses)	36,902,449	37,963,651	38,076,329	112,678
Net Change in fund balances	(8,565,974)	(14,354,894)	(265,088)	14,089,806
Fund balance, beginning of year	35,198,425	35,198,425	35,198,425	-
Fund balance, end of year	$ 26,632,451	$ 20,843,531	$ 34,933,337	$ 14,089,806

See notes to required supplementary information.

City of Garland, Texas
Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Four Calendar Years
(unaudited)

	2014	2015	2016	2017
Total Pension Liability				
Service Cost	$ 19,196,960	$ 20,067,678	$ 21,522,671	$ 22,270,032
Interest	54,497,988	56,833,734	57,958,342	60,506,232
Difference between expected and actual experience	(3,135,740)	(6,147,278)	84,986	928,620
Change of assumptions	-	15,651,656	-	-
Benefit payments, including refunds of employee contributions	(36,818,136)	(38,435,413)	(42,367,920)	(42,018,404)
Net Change in Total Pension Liability	33,741,072	47,970,377	37,198,079	41,686,480
Total Pension Liability - Beginning	787,353,277	821,094,349	869,064,726	906,262,805
Total Pension Liability - Ending	$ 821,094,349	$ 869,064,726	$ 906,262,805	$ 947,949,285
Plan Fiduciary Net Position				
Contributions - Employer	$ 14,502,416	$ 14,462,360	$ 14,265,404	$ 15,640,715
Contributions - Employee	9,056,479	9,304,889	9,694,895	10,035,625
Net Investment Income	45,500,705	1,220,504	54,933,203	117,621,308
Benefit payments, including refunds of employee contributions	(36,818,136)	(38,435,413)	(42,367,920)	(42,018,404)
Administrative Expense	(475,082)	(743,428)	(620,477)	(609,672)
Other	(39,061)	(36,717)	(33,430)	(30,898)
Net Change in Plan Fiduciary Net Position	31,727,321	(14,227,805)	35,871,675	100,638,674
Plan Fiduciary Net Position - Beginning	795,438,855	827,166,176	812,938,371	848,810,046
Plan Fiduciary Net Position - Ending	$ 827,166,176	$ 812,938,371	$ 848,810,046	$ 949,448,720
Net Pension Liability (Asset)	$ (6,071,827)	$ 56,126,355	$ 57,452,759	$ (1,499,435)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.74%	93.54%	93.66%	100.16%
Covered Payroll	$ 129,267,431	$ 132,898,533	$ 138,498,528	$ 143,307,799
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(4.70%)	42.23%	41.48%	(1.05%)

Measurement date December 31
The City of Garland implemented Statement 68 in FY2015 and a full ten-year trend is not yet available.

City of Garland, Texas
Required Supplementary Information
TMRS Schedule of Contributions
Last Four Fiscal Years
(unaudited)

	2015	2016	2017	2018
Actuarially Determined Contribution	14,703,510	15,134,606	15,568,576	16,665,242
Contributions in relation to the actuarially determined contribution	14,703,510	15,134,606	15,568,576	16,665,242
Contribution deficiency (excess)	-	-	-	-
Covered payroll	132,016,898	142,253,130	141,938,528	148,461,246
Contributions as a percentage of covered payroll	11.14%	10.64%	10.97%	11.23%

Notes to Schedule of Contributions

Valuation Date:	Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to the experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes	There were no benefit changes during the year.

The City of Garland implemented Statement 68 in FY2015 and a full ten-year trend is not yet available.

City of Garland, Texas
Required Supplementary Information
City of Garland other postemployment plan
Schedule of Changes in OPEB Liability and Related Ratios
Last Year
(unaudited)

		2017
Total OPEB Liability		
Service Cost	$	2,260,181
Interest		3,284,435
Difference between expected and actual experience		(1,303,593)
Change of assumptions		7,017,755
Benefit payments, including refunds of employee contributions		(3,529,580)
Net Change in Total OPEB Liability		7,729,198
Total OPEB Liability - Beginning		70,652,262
Total OPEB Liability - Ending	$	78,381,460
Plan Fiduciary Net Position		
Contributions - Employer	$	4,779,579
Net Investment Income		527,289
Benefit payments, including refunds of employee contributions		(3,529,580)
Administrative Expense		(21,120)
Other		-
Net Change in Plan Fiduciary Net Position		1,756,168
Plan Fiduciary Net Position - Beginning		3,767,364
Plan Fiduciary Net Position - Ending	$	5,523,532
Net OPEB Liability	$	72,857,928
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		7.00%
Covered Payroll	$	177,921,683
Net OPEB Liability as a Percentage of Covered Payroll		40.95%

Measurement date December 31
The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions. The initial discount rate for the 12/31/16 measurement was 4.75%. The discount rate for the 12/31/17 measurement was 4.14% which caused an actuarial gain.

City of Garland, Texas
Required Supplementary Information
City of Garland other postemployment plan
OPEB Schedule of Contributions
Last Year
(unaudited)

	2018
Actuarially Determined Contribution	$ 6,502,862
Contributions in relation to the actuarially determined contribution	5,024,715
Contribution deficiency (excess)	1,478,147
Covered employee payroll	148,461,246
Contributions as a percentage of covered employee payroll	3.38%

Notes to Schedule of Contributions

Valuation Date:	The Actuarially Determined Contribution is the sum of the current year's normal cost plus an amount necessary to amortize the unfunded liability over a closed 19-year period. Actuarial valuation has been performed as of December 31.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	28 Years
Asset Valuation Method	Market value
Inflation	2.5%
Salary Increases	3.0%
Investment Rate of Return	7.47%
Healthcare cost trend rates	Capped at 3.0%
Mortality	Combined RP-2014 Dynamic Table projected using MP-2017 representative rates per thousand for the RP-2014 mortality table. The mortality rates improve each year based on the mortality improvement scale MP-2017.

Other Information:

Notes

The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

City of Garland, Texas
Required Supplementary Information
TMRS Supplemental Death Benefit
Schedule of Changes in OPEB liability and Related Ratios
Last Calendar Year
(unaudited)

		2017
Total OPEB Liability		
Service Cost	$	214,962
Interest		238,314
Change of assumptions		542,752
Benefit payments		(57,323)
Net Change in Total OPEB Liability		938,705
Total OPEB Liability - Beginning		6,225,775
Total OPEB Liability - Ending	$	7,164,480
Covered Employee Payroll	$	143,307,799
Net OPEB Liability as a Percentage of Covered Payroll		5.00%

Measurement date December 31
The City of Garland implemented Statement 75 in FY2018 and a full ten-year trend is not yet available.

Notes to Schedule:

Changes in assumptions. The initial discount rate for the 12/31/16 measurement was 3.81%. The discount rate for the 12/31/17 measurement was 3.31% which caused an actuarial gain.

City of Garland, Texas
Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Annual appropriations for the General Fund are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

The City Charter contains the following requirements, which are adhered to by the City Council and management, regarding preparation of the annual Budget:

1. Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to September 15 to obtain taxpayer comments.
3. Prior to September 20, annual appropriations are approved through the passage of an ordinance. If the Council takes no action on or prior to such day, the budget, as submitted by the City Manager, is deemed to have been adopted by the City Council.
4. The level of control (level at which expenditures may not exceed budget) is the fund. The City Manager is authorized to transfer unexpended balances within each fund. The City Council, however, must approve any revisions in fund appropriations.

GARLAND

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City of Garland, Texas
Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The City's funds accounted for as Special Revenue Funds are as follows:

Community Development Block Grant Fund (CDBG) – This fund is used to account for Federal grant revenues provided through the Department of Housing and Urban Development for the development of environmental and economic opportunities, principally for persons of low and moderate income.

Housing Assistance Program Fund – This fund is used to account for Federal revenues provided through the Department of Housing and Urban Development for housing assistance payments for low income tenants.

Neighborhood Services Fund – This fund is used to account for Federal, state, and local revenues to improve neighborhoods in low income areas.

Hotel/Motel Tax Fund – This fund is used to account for the receipt of hotel/motel occupancy taxes.

Impact Fees Fund – This fund is used to account for street and water impact fees charged to develop property.

Landfill Closure Fund – This fund is used to account for expenditures related to the landfill closure and postclosure care.

Police Training Fund – This fund is used to account for grant funding of police training.

Substandard Perimeter Road Fund – This fund is used to account for revenue received pending the construction of substandard perimeter roads and streets.

Narcotic Seizure Fund – This fund is used to account for awards and expenditures from assets acquired through narcotics arrests. The expenditures are restricted to law enforcement activities by state law.

TIF Fund – This fund is used to account for the Downtown Tax Increment Finance Fund, TIF Zone No. 1, and the Interstate 30 Corridor Tax Increment Finance Fund, TIF Zone No. 2. These funds are used to account for revenues and expenditures incurred in administering the tax increment financing programs.

City of Garland, Texas
Nonmajor Governmental Funds
Balance Sheet
September 30, 2018

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	TIF	Total Other Governmental Funds
Assets											
Cash and cash equivalents	$ 311,576	$ 24,434	$ 427,405	$ 1,616,814	$ 4,019,545	$ 34,711	$ 135,620	$ 864,339	$ 231,169	$ 539,626	$ 8,205,239
Investments	229,852	16,955	313,566	1,188,470	2,958,944	25,542	99,724	635,054	130,247	394,399	5,992,753
Receivables:											
Accrued interest	-	55	911	3,365	8,378	72	288	1,801	443	1,062	16,375
Accounts, net	705,706	-	2,837,746	15,261	-	-	-	-	-	-	3,558,713
Due from other governments	327,402	-	56,795	-	-	-	45,515	-	-	-	429,712
Assets held for resale	55,692	-	460,894	-	-	-	-	-	-	-	516,586
Total Current Assets	1,630,228	41,444	4,097,317	2,823,910	6,986,867	60,325	281,147	1,501,194	361,859	935,087	18,719,378
Restricted assets:											
Cash and cash equivalents	-	942,918	-	-	-	-	-	-	63,481	-	1,006,399
Total Restricted Assets	-	942,918	-	-	-	-	-	-	63,481	-	1,006,399
Total Assets	$ 1,630,228	$ 984,362	$ 4,097,317	$ 2,823,910	$ 6,986,867	$ 60,325	$ 281,147	$ 1,501,194	$ 425,340	$ 935,087	$ 19,725,777
LIABILITIES											
Current liabilities:											
Accounts payable and accrued liabilities	$ 114,225	$ 190,005	$ 154,666	$ 21,454	$ -	$ 84,805	$ 2,085	$ -	$ 4,464	$ 1,120	$ 572,824
Retainage Payable	1,682	-	-	-	-	-	-	-	-	-	1,682
Accrued interest-COs	-	-	-	-	-	-	-	-	-	8,242	8,242
Due to other funds	72,930	-	5,045	-	-	-	-	-	-	-	77,975
Escrow payable	-	-	-	-	332,124	-	-	-	134,966	-	467,090
Unearned revenues	761,398	-	3,298,639	-	-	-	254,610	-	-	-	4,314,647
Total Liabilities	950,235	190,005	3,458,350	21,454	332,124	84,805	256,695	-	139,430	9,362	5,442,460
FUND BALANCES											
Fund balances:											
Restricted	679,993	794,357	638,967	2,802,456	-	-	24,452	-	285,910	925,725	6,151,860
Committed	-	-	-	-	6,654,743	-	-	1,501,194	-	-	8,155,937
Unassigned	-	-	-	-	-	(24,480)	-	-	-	-	(24,480)
Total fund balances	679,993	794,357	638,967	2,802,456	6,654,743	(24,480)	24,452	1,501,194	285,910	925,725	14,283,317
Total Liabilities and Fund Balances	$ 1,630,228	$ 984,362	$ 4,097,317	$ 2,823,910	$ 6,986,867	$ 60,325	$ 281,147	$ 1,501,194	$ 425,340	$ 935,087	$ 19,725,777

City of Garland, Texas
Nonmajor Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Year Ended September 30, 2018

	CDBG	Housing Assistance	Neighborhood Services	Hotel/Motel Tax	Impact Fees	Landfill Closure	Police Training	Substandard Perimeter Road	Narcotic Seizure	TIF	Total Other Governmental Funds
REVENUES											
Taxes	$ -	$ -	$ -	$ 1,431,266	$ -	$ -	$ -	$ -	$ -	$ 1,160,788	$ 2,592,054
Earnings on investments	(1,143)	13,217	7,804	28,424	70,221	394	1,982	16,447	6,654	11,630	155,630
Intergovernmental	2,348,607	11,322,736	498,254	.	-	-	216,500	-	-	-	14,386,097
Impact Fees	-	-	-	-	1,441,120	-	-	-	-	-	1,441,120
Program income	524,845	-	880,440	-	-	-	-	-	-	-	1,405,285
Awards	-	-	-	-	-	-	-	-	160,403	-	160,403
Miscellaneous and other	-	77,433	345	-	-	-	43,878	-	-	-	121,656
Total Revenues	2,872,309	11,413,386	1,386,843	1,459,690	1,511,341	394	262,360	16,447	167,057	1,172,418	20,262,245
EXPENDITURES											
Current:											
Operations	1,343,837	11,607,756	1,343,706	988,915	-	260,259	281,736	-	226,555	235,452	16,288,216
Capital outlay	1,035,858	-	-	-	-	-	28,400	-	149,612	-	1,213,870
Debt service											
Principal	-	-	-	-	-	-	-	-	-	185,000	185,000
Interest	-	-	-	-	-	-	-	-	-	445,419	445,419
Total Expenditures	2,379,695	11,607,756	1,343,706	988,915	-	260,259	310,136	-	376,167	865,871	18,132,505
Excess (deficiency) of revenues over (under) expenditures	492,614	(194,370)	43,137	470,775	1,511,341	(259,865)	(47,776)	16,447	(209,110)	306,547	2,129,740
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	83,610	-	-	209,453	42,487	-	(42,487)	-	293,063
Transfers out	-	-	-	(200,000)	-	-	-	-	-	-	(200,000)
Total other financing sources (uses)	-	-	83,610	(200,000)	-	209,453	42,487	-	(42,487)	-	93,063
Net change in fund balances	492,614	(194,370)	126,747	270,775	1,511,341	(50,412)	(5,289)	16,447	(251,597)	306,547	2,222,803
Fund balances - beginning	187,379	988,727	512,220	2,531,681	5,143,402	25,932	29,741	1,484,747	537,507	619,178	12,060,514
Fund balances - ending	$ 679,993	$ 794,357	$ 638,967	$ 2,802,456	$ 6,654,743	$ (24,480)	$ 24,452	$ 1,501,194	$ 285,910	$ 925,725	$ 14,283,317

City of Garland, Texas
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
Revenues:				
General property taxes	$ 41,252,132	$ 41,673,853	$ 41,727,175	$ 53,322
Earnings on investments	115,000	185,000	184,515	(485)
Miscellaneous	32,400	57,900	60,839	2,939
Total Revenues	41,399,532	41,916,753	41,972,529	55,776
Expenditures:				
Principal retirement	24,600,000	24,600,000	24,600,000	-
Interest	9,311,088	9,274,558	9,261,125	13,433
Fiscal charges	525,000	50,000	147,014	(97,014)
Total Expenditures	34,436,088	33,924,558	34,008,139	(83,581)
Excess of revenues over expenditures	6,963,444	7,992,195	7,964,390	(27,805)
Other financing sources (uses):				
Transfers in	685,460	685,460	685,460	-
Transfers out	(8,391,474)	(8,391,474)	(8,391,474)	-
Total other financing sources (uses)	(7,706,014)	(7,706,014)	(7,706,014)	-
Net change in fund balances	(742,570)	286,181	258,376	(27,805)
Fund balance, beginning of year	6,298,049	6,298,049	6,298,049	-
Fund balance, end of year	$ 5,555,479	$ 6,584,230	$ 6,556,425	$ (27,805)

City of Garland, Texas
Hotel/Motel and Narcotic Seizure Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended September 30, 2018

	Hotel/Motel Tax				Narcotic Seizure			
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues:								
Occupancy taxes	$ 1,420,000	$ 1,407,000	$ 1,431,266	$ 24,266	$ -	$ -	$ -	$ -
Earnings on investments	-	-	28,424	28,424	4,000	4,200	6,654	2,454
Awards	-	-	-	-	-	67,450	160,403	92,953
Special event income	19,000	28,800	-	(28,800)	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-
Total revenues	1,439,000	1,435,800	1,459,690	23,890	4,000	71,650	167,057	95,407
Expenditures:								
Current:								
Operations	1,320,784	1,426,492	988,915	(437,577)	113,000	118,152	226,555	108,403
Capital	-	-	-	-	175,160	174,082	149,612	(24,470)
Total expenditures	1,320,784	1,426,492	988,915	(437,577)	288,160	292,234	376,167	83,933
Excess (deficiency) of revenues over (under) expenditures	118,216	9,308	470,775	461,467	(284,160)	(220,584)	(209,110)	11,474
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	(42,487)	(42,487)
Transfers out	(200,000)	(200,000)	(200,000)	-	-	(42,487)	-	42,487
Total other financing sources (uses)	(200,000)	(200,000)	(200,000)	-	-	(42,487)	(42,487)	-
Net change in fund balances	(81,784)	(190,692)	270,775	461,467	(284,160)	(263,071)	(251,597)	11,474
Fund balances, beginning of year	2,531,681	2,531,681	2,531,681	-	537,507	537,507	537,507	-
Fund balances end of year	$ 2,449,897	$ 2,340,989	$ 2,802,456	$ 461,467	$ 253,347	$ 274,436	$ 285,910	$ 11,474

City of Garland, Texas
Nonmajor Enterprise Funds

Nonmajor Enterprise Funds

The Nonmajor Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the City is that costs of providing goods and services to the general public on a continuing basis will be financed or recovered through user charges.

Golf Fund – This fund is used to account for the resources and expense associated with a public golf course, administered by a golf professional under the direct supervision of the City Manager.

Heliport Fund – This fund is used to account for the resources and expenses associated with the operations of a heliport.

Storm Water Management Fund – This fund is used to account for the resources and expenses associated with controlling the quality of storm water discharges into lakes and streams.

Parks Performance Fund – This fund is used to account for the resources and expense associated with the operation of recreation activities that receive revenues from user fees.

Sanitation Fund – This fund is used to account for the resources and expenses associated with the collection and recycling of residential and commercial waste.

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Net Position
September 30, 2018

	Business-Type Activities - Enterprise Funds					
	Golf	**Heliport**	**Storm Water Management**	**Parks Performance**	**Sanitation**	**Total Other Enterprise Funds**
ASSETS						
Current assets						
Unrestricted						
Cash and cash equivalents	$ 183,371	$ 111,202	$ 643,491	$ 103,478	$ 1,630,712	$ 2,672,254
Investments	129,971	81,735	471,888	75,622	1,198,968	1,958,184
Receivable, net of allowance	70,308	-	416,270	240	2,175,190	2,662,008
Accrued interest	37	232	1,274	231	3,377	5,151
Due from other funds	-	-	952,385	-	-	952,385
Inventories	80,545	-	-	-	-	80,545
Total current assets	464,232	193,169	2,485,308	179,571	5,008,247	8,330,527
Noncurrent assets						
Restricted assets						
Construction funds:						
Cash and cash equivalents	155,568	-	13,401	-	2,214,491	2,383,460
Investments	114,038	-	8,779	-	1,631,553	1,754,370
Accrued interest	313	-	-	-	4,634	4,947
Total construction funds	269,919	-	22,180	-	3,850,678	4,142,777
Capital Assets						
Land	9,111,400	1,776,208	-	-	298,936	11,186,544
System	16,921,459	746,069	4,573,033	260,925	21,370,827	43,872,313
Construction in progress	121,809	-	-	-	27,350	149,159
Less accumulated depreciation	(10,717,310)	(704,665)	(3,003,367)	(247,605)	(11,915,689)	(26,588,636)
Net capital assets	15,437,358	1,817,612	1,569,666	13,320	9,781,424	28,619,380
Net pension asset	8,503	-	13,029	-	42,910	64,442
Total noncurrent assets	15,715,780	1,817,612	1,604,875	13,320	13,675,012	32,826,599
Total assets	$ 16,180,012	$ 2,010,781	$ 4,090,183	$ 192,891	$ 18,683,259	$ 41,157,126
Deferred charges on debt refundings	-	-	-	-	131	131
Deferred charges on pensions	115,587	-	177,123	-	583,326	876,036
Deferred charges on OPEB	66,443	-	99,664	-	361,282	527,389
Total deferred outflows	$ 182,030	$ -	$ 276,787	$ -	$ 944,739	$ 1,403,556

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Net Position
September 30, 2018

	Business-Type Activities - Enterprise Funds					
	Golf	**Heliport**	**Storm Water Management**	**Parks Performance**	**Sanitation**	**Total Other Enterprise Funds**
LIABILITIES						
Current Liabilities						
Payable from current assets:						
Accounts payable and accrued liabilities	$ 159,871	$ -	$ 71,307	$ 36,640	$ 276,493	$ 544,311
Accrued general obligation interest	-	-	-	-	83	83
Accrued certificates of obligation interest	-	-	18,610	-	82,291	100,901
Certificates of obligation	-	-	390,000	-	3,060,000	3,450,000
Compensated absences	57,030	-	58,162	-	202,794	317,986
Total current liabilities	216,901	-	538,079	36,640	3,621,661	4,413,281
Long-term Liabilities						
Payable from restricted assets:						
Accounts payable	11,869	-	-	-	-	11,869
Total payable from restricted assets	11,869	-	-	-	-	11,869
General obligation bonds (net of unamortized premium)	-	-	-	-	16,930	16,930
Certificates of obligation (net of unamortized premium)	-	-	1,746,381	-	8,396,788	10,143,169
Net OPEB liability	609,114	-	913,672	-	3,312,060	4,834,846
Compensated absences	38,544	-	-	-	29,551	68,095
Total long-term liabilities	647,658	-	2,660,053	-	11,755,329	15,063,040
Total Liabilities	876,428	-	3,198,132	36,640	15,376,990	19,488,190
Deferred inflow of resources-pensions	154,352	-	236,525	-	778,956	1,169,833
Deferred inflow of resources-OPEB	9,182	-	13,773	-	49,926	72,881
Total deferred inflows	163,534	-	250,298	-	828,882	1,242,714
NET POSITION						
Net investment in capital assets	15,695,408	1,817,612	396,661	13,320	2,158,384	20,081,385
Unrestricted (deficit)	(373,328)	193,169	521,879	142,931	1,263,742	1,748,393
Total net position	$ 15,322,080	$ 2,010,781	$ 918,540	$ 156,251	$ 3,422,126	$ 21,829,778

City of Garland
Nonmajor Enterprise Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2018

	Business-Type Activities - Enterprise Funds					
	Golf	**Heliport**	**Storm Water Management**	**Parks Performance**	**Sanitation**	**Total Other Enterprise Funds**
OPERATING REVENUES						
Charges for services	$ 3,708,057	$ 7,257	$ 4,326,657	$ 1,092,368	$ 19,877,745	$ 29,012,084
Other	52,343	-	-	106,858	132,548	291,749
Total Operating Revenues	3,760,400	7,257	4,326,657	1,199,226	20,010,293	29,303,833
OPERATING EXPENSES						
Salaries and benefits	2,176,435	-	2,129,951	249,392	5,676,162	10,231,940
Landfill fees	-	-	-	-	3,085,670	3,085,670
Maintenance, repairs, and supplies	1,685,953	-	1,122,530	970,281	4,143,290	7,922,054
Insurance and other expenses	33,747	-	104,234	-	512,924	650,905
General and administrative	12,931	-	405,885	23,885	2,103,218	2,545,919
Claims	15,074	-	56,896	-	206,249	278,219
Depreciation	906,621	5,361	484,156	15,979	2,755,287	4,167,404
Total Operating Expenses	4,830,761	5,361	4,303,652	1,259,537	18,482,800	28,882,111
Total Operating Income (Loss)	(1,070,361)	1,896	23,005	(60,311)	1,527,493	421,722
NONOPERATING REVENUES (EXPENSES)						
Gain (loss) on sale of capital assets	206,000	-	-	-	-	206,000
Investment income	3,652	2,077	23,253	1,328	50,962	81,272
Interest expense	-	-	(25,603)	-	(161,754)	(187,357)
Income (loss) before transfers	(860,709)	3,973	20,655	(58,983)	1,416,701	521,637
TRANSFERS						
Transfers in	972,000	-	-	6,000	259,750	1,237,750
Transfers out	-	-	(5,927)	(100,000)	(1,195,060)	(1,300,987)
Total transfers	972,000	-	(5,927)	(94,000)	(935,310)	(63,237)
NET INCOME (LOSS)	111,291	3,973	14,728	(152,983)	481,391	458,400
Net position, beginning of year	15,458,475	2,006,808	1,537,280	309,234	5,246,793	24,558,590
Cumulative effect of change in accounting principle	(247,686)	-	(633,468)	-	(2,306,058)	(3,187,212)
Net position restated, beginning of year	15,210,789	2,006,808	903,812	309,234	2,940,735	21,371,378
Net position, end of year	$ 15,322,080	$ 2,010,781	$ 918,540	$ 156,251	$ 3,422,126	$ 21,829,778

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2018

	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
Cash flows from operating activities:						
Cash received from customers	$ 3,639,249	$ 7,852	$ 4,266,544	$ 1,092,656	$ 19,789,672	$ 28,795,973
Cash payments for goods and services	(1,764,462)	-	(1,704,391)	(969,241)	(9,932,711)	(14,370,805)
Cash payments to employees for services	(2,133,654)	-	(2,109,267)	(249,392)	(5,624,421)	(10,116,734)
Other operating revenues	52,342	-	-	106,858	132,548	291,748
Net cash provided by (used for) operating activities	(206,525)	7,852	452,886	(19,119)	4,365,088	4,600,182
Cash flows from non-capital financing activities:						
Due from other governments (increase) decrease	175,501	-	(952,385)	-	-	(776,884)
Due to other funds - increase	29,758	-	-	-	-	29,758
Transfers in	972,000	-	-	6,000	259,750	1,237,750
Transfers out	-	-	(5,927)	(100,000)	(1,195,060)	(1,300,987)
Net cash provided by (used for) non-capital financing activities	1,177,259	-	(958,312)	(94,000)	(935,310)	(810,363)
Cash flows from capital and related financing activities:						
Certificate of obligation issues	-	-	1,065,000	-	3,115,000	4,180,000
Premium on issuance of debt	-	-	73,958	-	264,802	338,760
Acquisition of capital assets	(949,328)	-	(1,213,804)	(8,087)	(2,498,538)	(4,669,757)
Principal paid on certificates of obligation	-	-	(180,000)	-	(2,630,000)	(2,810,000)
Interest paid on certificates of obligation	-	-	(51,419)	-	(412,014)	(463,433)
Interest paid on general obligation bonds	-	-	-	-	(650)	(650)
Proceeds from sale of capital assets	206,000	-	-	-	-	206,000
Net cash used for capital and related financing activities	(743,328)	-	(306,265)	(8,087)	(2,161,400)	(3,219,080)
Cash flows from investing activities:						
Purchase of investment securities	(241,867)	(48,459)	(355,974)	(45,095)	(2,260,422)	(2,951,817)
Proceeds from the sale and maturity of investment securities	191,241	67,854	938,737	134,527	2,391,597	3,723,956
Interest received on investments	3,549	2,027	23,900	1,363	48,274	79,113
Net cash provided by (used for) investing activities	(47,077)	21,422	606,663	90,795	179,449	851,252
Net increase (decrease) in cash and cash equivalents	180,329	29,274	(205,028)	(30,411)	1,447,827	1,421,991
Cash and cash equivalents at beginning of year	158,610	81,928	861,920	133,889	2,397,376	3,633,723
Cash and cash equivalents at end of year	$ 338,939	$ 111,202	$ 656,892	$ 103,478	$ 3,845,203	$ 5,055,714
Reconciliation to Statement of Net Position						
Cash and cash equivalents	$ 183,371	$ 111,202	$ 643,491	$ 103,478	$ 1,630,712	$ 2,672,254
Construction fund cash and cash equivalents	155,568	-	13,401	-	2,214,491	2,383,460
Total cash and cash equivalents	$ 338,939	$ 111,202	$ 656,892	$ 103,478	$ 3,845,203	$ 5,055,714

City of Garland, Texas
Nonmajor Enterprise Funds
Statement of Cash Flows
For the Year Ended September 30, 2018

	Golf	Heliport	Storm Water Management	Parks Performance	Sanitation	Total Other Enterprise Funds
Reconciliation of operating loss to net cash provided by (used for) operating activities:						
Operating income (loss)	$ (1,070,363)	$ 1,896	$ 23,005	$ (60,311)	$ 1,527,493	$ 421,720
Adjustments:						
Depreciation	906,621	5,361	484,156	15,979	2,755,287	4,167,404
Provision for uncollectible accounts	-	-	779	-	12,363	13,142
Change in assets and liabilities:						
Decrease in pension related deferred outflows	223,807	-	342,957	-	1,129,471	1,696,235
Increase in OPEB related deferred outflows	(66,443)	-	(99,664)	-	(361,282)	(527,389)
Increase in inventory	(5,165)	-	-		-	(5,165)
Increase in net pension assets	(8,503)	-	(13,029)	-	(42,910)	(64,442)
Decrease in net pension liability	(325,794)	-	(499,240)	-	(1,644,166)	(2,469,200)
(Increase) decrease in accounts receivable	(68,808)	595	(60,892)	288	(100,436)	(229,253)
Increase (decrease) in accounts payable	(26,664)	-	(37,458)	24,925	36,677	(2,520)
Increase (decrease) in compensated absences	29,135	-	(227)	-	(17,126)	11,782
Increase in OPEB liability	72,334	-	108,502	-	393,318	574,154
Increase in pension related deferred inflows	124,136	-	190,224	-	626,473	940,833
Increase in OPEB related deferred inflows	9,182	-	13,773	-	49,926	72,881
Total adjustments	863,838	5,956	429,881	41,192	2,837,595	4,178,462
Net cash provided by (used for) operating activities	$ (206,525)	$ 7,852	$ 452,886	$ (19,119)	$ 4,365,088	$ 4,600,182
Non-cash transactions:						
Change in restricted accounts payable	11,869	-	-	-	(170,874)	(159,005)
Increase in fair value of investments	1,207	404	2,385	376	13,963	18,335

City of Garland, Texas
Internal Service Funds

Internal Service Funds

The Internal Service Funds account for the financing of goods or services and insurance premiums and claims provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units on a cost-reimbursement basis.

Group Health Fund – This fund is used to account for an employee medical insurance plan which is administered by a third party. The City makes deposits to the fund each pay period for each employee covered by this medical insurance plan and payment of employees' medical claims are made from this fund.

Self Insurance Fund – This fund is used to account for proceeds from other funds for the payment of claims and to provide a loss reserve for potential future major unanticipated claims.

LTD Insurance Fund – This fund is used to account for proceeds from other funds and employees for the payment of long-term disability claims and to provide a loss reserve for potential future claims.

Fleet Services Fund – This fund is used to account for the cost of operating a centralized fleet maintenance garage, which performs repair and maintenance services for City vehicles.

Vehicle Replacement Fund – This fund is used to account for the proceeds from other funds for the systematic replacement of City vehicles.

Information Technology Fund – This fund is used to account for activities related to administration, operation, and maintenance of the City's electronic data processing and communication systems.

Facilities Management Fund – This fund is used to account for activities related to maintenance and management of City buildings and facilities.

Warehouse Fund – This fund is used to account for the activities related to operation of the City's warehouse center for storage and distribution of supplies.

Customer Service Fund – This fund is used to account for activities related to establishing accounts, meter reading, billing and collection of revenue, and responding to customer inquiries from the day to day operations of City utilities.

City of Garland, Texas
Internal Service Funds
Statement of Net Position
September 30, 2018

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
ASSETS										
Current assets:										
Unrestricted										
Cash and cash equivalents	$ 4,673,556	$ 3,099,449	$ 997,558	$ 469,034	$ 6,854,823	$ 5,918,779	$ 314,811	$ -	$ 10,393,070	$ 32,721,080
Investments	3,442,583	2,277,784	733,519	346,558	5,034,002	4,353,342	230,451	-	7,265,895	23,684,134
Accrued interest	9,811	6,487	2,079	949	14,307	12,278	646	-	20,662	67,219
Other Receivables	631,671	281,348	-	-	-	142,714	5,502	-	707,794	1,769,029
Due from other funds	-	-	-	25,785	(26,465)	2,745	-	3,132	-	5,197
Inventories	-	-	-	270,881	-	-	-	6,160,595	-	6,431,476
Prepaid expense	-	-	-	18,799	-	-	-	-	-	18,799
Total current assets	8,757,621	5,665,068	1,733,156	1,132,006	11,876,667	10,429,858	551,410	6,163,727	18,387,421	64,696,934
Noncurrent assets:										
Restricted										
Construction funds:										
Cash and cash equivalents	-	-	-	342,425	-	1,738,666	-	3,304	19,019	2,103,414
Investments	-	-	-	251,171	-	1,294,425	-	2,428	4,767	1,552,791
Accrued interest	-	-	-	710	-	3,625	-	7	40	4,382
Total construction funds	-	-	-	594,306	-	3,036,716	-	5,739	23,826	3,660,587
Capital assets										
Land	-	-	-	-	-	136,810	-	-	221,949	358,759
System	21,834	-	-	4,047,537	38,950,407	46,955,375	92,075	258,715	31,812,969	122,138,912
Construction in progress	-	-	-	26,734	-	5,087,435	-	-	-	5,114,169
Less accumulated depreciation	(21,834)	-	-	(1,910,393)	(28,807,117)	(27,896,504)	(17,106)	(231,184)	(11,309,300)	(70,193,438)
Net capital assets	-	-	-	2,163,878	10,143,290	24,283,116	74,969	27,531	20,725,618	57,418,402
Net pension assets	7,926	4,852	-	17,251	-	47,229	17,601	4,303	43,928	143,090
Total noncurrent assets	7,926	4,852	-	2,775,435	10,143,290	27,367,061	92,570	37,573	20,793,372	61,222,079
Total assets	8,765,547	5,669,920	1,733,156	3,907,441	22,019,957	37,796,919	643,980	6,201,300	39,180,793	125,919,013
Deferred Outflows of Resources										
Deferred charges on debt	-	-	-	-	-	35,307	-	-	40,605	75,912
Deferred charges on pensions	107,751	65,962	-	234,512	-	642,035	239,268	58,500	597,164	1,945,192
Deferred charges on OPEB	49,832	20,763	-	145,343	-	261,618	145,343	41,527	390,350	1,054,776
Total deferred outflows	157,583	86,725	-	379,855	-	938,960	384,611	100,027	1,028,119	3,075,880
LIABILITIES										
Current Liabilities:										
Payable from current assets										
Accounts payable and accrued liabilities	946,248	188,976	30,121	637,561	102,233	633,658	191,585	373,823	587,310	3,691,515
Accrued interest payable:										
General obligation bonds	-	-	-	288	-	13,845	-	96	16,138	30,367
Certificates of obligation	-	-	-	10,207	-	7,225	-	-	88,052	105,484
Customer deposits	-	-	-	-	-	-	-	-	15,897,745	15,897,745
Due to other funds	-	-	-	-	-	6,673	158	1,819,290	-	1,826,121
Compensated absences	34,704	37,831	-	100,931	-	315,020	124,163	21,754	230,192	864,595
Insurance claims payable	2,223,841	2,774,500	490,000	-	-	-	-	-	-	5,488,341
General obligation bonds	-	-	-	-	-	180,000	-	5,000	300,000	485,000
Certificates of obligation	-	-	-	70,000	-	140,000	-	-	1,060,000	1,270,000
Total current liabilities	3,204,793	3,001,307	520,121	818,987	102,233	1,296,421	315,906	2,219,963	18,179,437	29,659,168
Long-term Liabilities:										
Payable from restricted assets										
Accounts payable	-	-	-	6,691	-	5,441	-	-	-	12,132
Total payable from restricted assets	-	-	-	6,691	-	5,441	-	-	-	12,132
Advances from other funds	-	-	-	-	-	-	-	3,896,269	-	3,896,269
Certificates of obligation (net of amortized bond premium)	-	-	-	1,783,255	-	1,132,409	-	-	13,808,531	16,724,195
General obligation bonds (net of amortized bond premium and defeased debt cost)	-	-	-	-	-	2,364,851	-	10,678	2,694,714	5,070,243
Compensated absences	12,431	44,022	-	-	-	32,864	6,915	-	-	96,232
Insurance claims payable	-	3,726,450	2,622,604	-	-	-	-	-	-	6,349,054
Net OPEB liability	456,836	190,348	-	1,332,438	-	2,398,388	1,332,438	380,697	3,578,547	9,669,692
Total Long-term Liabilities	469,267	3,960,820	2,622,604	3,115,693	-	5,928,512	1,339,353	4,287,644	20,081,792	41,805,685
Total Liabilities	3,674,060	6,962,127	3,142,725	3,941,371	102,233	7,230,374	1,655,259	6,507,607	38,261,229	71,476,985
Deferred Inflows of resources										
Deferred charges on debt	-	-	-	-	-	2,667	-	33	1,043	3,743
Deferred charges on pensions	143,888	88,084	-	313,161	-	857,354	319,511	78,119	797,435	2,597,552
Deferred charges on OPEB	6,886	2,869	-	20,085	-	36,153	20,085	5,739	53,943	145,760
Total deferred inflows	150,774	90,953	-	333,246	-	896,174	339,596	83,891	852,421	2,747,055
NET POSITION										
Net investment in capital assets	-	-	-	898,238	10,143,290	23,497,131	74,969	17,592	2,886,199	37,517,419
Unrestricted	5,098,296	(1,296,435)	(1,409,569)	(885,559)	11,774,434	7,112,200	(1,041,233)	(307,763)	(1,790,937)	17,253,434
Total net position	$ 5,098,296	$ (1,296,435)	$ (1,409,569)	$ 12,679	$ 21,917,724	$ 30,609,331	$ (966,264)	$ (290,171)	$ 1,095,262	$ 54,770,853

City of Garland, Texas
Internal Service Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended September 30, 2018

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Total Internal Service Funds
OPERATING REVENUES:										
Charges for services	$ -	$ -	$ -	$ 8,824,243	$ 4,027,831	$ 24,168,431	$ 8,170,472	$ 903,991	$ 16,934,280	$ 63,029,248
Premiums	31,528,263	5,712,229	476,094	-	-	-	-	-	-	37,716,586
Other	1,229,901	3,401,614	-	546	-	161,973	612	17,868	119,818	4,932,332
Total Operating Revenues	32,758,164	9,113,843	476,094	8,824,789	4,027,831	24,330,404	8,171,084	921,859	17,054,098	105,678,166
OPERATING EXPENSES:										
Salaries and benefits	1,232,598	2,555,648	-	2,342,167	-	6,877,890	2,263,641	644,358	6,166,300	22,082,602
Maintenance, repairs, and other	362,021	417,551	-	5,273,916	120,051	7,782,676	5,838,119	136,386	1,753,842	21,684,562
Premiums	4,951,530	1,945,415	-	-	-	-	-	-	-	6,896,945
Claims	22,305,574	2,533,453	648,859	32,974	-	59,352	32,974	9,420	88,557	25,711,163
Administrative services	989,922	44,335	-	-	-	-	-	-	-	1,034,257
General and administrative	221,810	132,399	-	849,890	-	1,490,675	559,173	207,301	7,657,019	11,118,267
Depreciation	-	-	-	72,019	3,542,453	3,193,251	10,113	11,672	1,237,025	8,066,533
Total Operating Expenses	30,063,455	7,628,801	648,859	8,570,966	3,662,504	19,403,844	8,704,020	1,009,137	16,902,743	96,594,329
Total Operating Income (Loss)	2,694,709	1,485,042	(172,765)	253,823	365,327	4,926,560	(532,936)	(87,278)	151,355	9,083,837
NONOPERATING REVENUES (EXPENSES):										
Investment income	70,105	43,745	18,953	14,411	121,879	169,051	12,330	63	158,818	609,355
Interest expense	-	-	-	(35,857)	-	(110,535)	-	(200)	(769,153)	(915,745)
Gain (loss) on sale of capital assets	-	-	-	-	127,218	-	-	-	-	127,218
Total nonoperating revenues (expenses)	70,105	43,745	18,953	(21,446)	249,097	58,516	12,330	(137)	(610,335)	(179,172)
Income (loss) before transfers	2,764,814	1,528,787	(153,812)	232,377	614,424	4,985,076	(520,606)	(87,415)	(458,980)	8,904,665
TRANSFERS										
Transfers in	293,683	(188,628)	-	-	85,383	-	-	-	657,201	847,639
Transfers out	-	(274,498)	-	(8,044)	-	(474,695)	-	-	(8,891)	(766,128)
Net transfers	293,683	(463,126)	-	(8,044)	85,383	(474,695)	-	-	648,310	81,511
NET INCOME (LOSS)	3,058,497	1,065,661	(153,812)	224,333	699,807	4,510,381	(520,606)	(87,415)	189,330	8,986,176
Net position, beginning of year	2,344,024	(2,277,498)	(1,255,757)	529,489	21,217,917	27,450,142	314,917	2,935	2,895,528	51,221,697
Cumulative effect of change in accounting principle	(304,225)	(84,598)	-	(741,143)	-	(1,351,192)	(760,575)	(205,691)	(1,989,596)	(5,437,020)
Net position restated, beginning of year	2,039,799	(2,362,096)	(1,255,757)	(211,654)	21,217,917	26,098,950	(445,658)	(202,756)	905,932	45,784,677
Net position, end of year	$ 5,098,296	$ (1,296,435)	$ (1,409,569)	$ 12,679	$ 21,917,724	$ 30,609,331	$ (966,264)	$ (290,171)	$ 1,095,262	$ 54,770,853

City of Garland, Texas
Internal Service Funds
Statement of Cash Flows
For the Year Ended September 30, 2018

	Group Health	Self Insurance	LTD Insurance	Fleet Services	Vehicle Replacement	Information Technology	Facilities Management	Warehouse	Customer Service	Internal Service Funds
Cash flows from operating activities:										
Cash received from customers	$ 31,201,829	$ 5,430,881	$ 476,094	$ 8,824,243	$ 4,027,831	$ 25,707,185	$ 8,165,020	$ 903,991	$ 16,925,622	$ 101,662,696
Cash received for customer deposits	-	-	-	-	-	-	-	-	725,097	725,097
Cash payments for goods and services	(28,452,907)	(5,706,049)	(416,066)	(6,356,141)	(85,859)	(8,954,455)	(6,472,938)	(329,259)	(9,394,353)	(66,168,027)
Cash payments to employees for services	(1,210,141)	(2,537,490)	-	(2,318,671)	-	(6,777,328)	(2,241,471)	(637,759)	(6,075,205)	(21,798,065)
Other operating revenues	1,229,901	3,401,614	-	546	-	161,973	612	17,868	119,818	4,932,332
Net cash provided by (used for) operating activities	2,768,682	588,956	60,028	149,977	3,941,972	10,137,375	(548,777)	(45,159)	2,300,979	19,354,033
Cash flows from non-capital financing activities:										
Due from other funds - increase	-	-	-	(25,785)	-	(2,745)	-	(3,132)	-	(31,662)
Due to other funds - increase	-	-	-	-	-	-	158	54,165	-	54,323
Transfers in	293,683	(188,628)	-	-	85,383	-	-	-	657,201	847,639
Transfers out	-	(274,498)	-	(8,044)	-	(474,695)	-	-	(8,891)	(766,128)
Net cash provided by (used for) non-capital financing activities	293,683	(463,126)	-	(33,829)	85,383	(477,440)	158	51,033	648,310	104,172
Cash flows from capital and financing activities:										
Certificate of obligation issues	-	-	-	320,000	-	90,000	-	-	-	410,000
Premium on issuance of debt	-	-	-	34,222	-	11,471	-	-	-	45,693
Acquisition of capital assets	-	-	-	(317,077)	(3,021,068)	(4,624,046)	(38,179)	-	-	(8,000,370)
Principal paid on certificates of obligation	-	-	-	(55,000)	-	(840,000)	-	-	(1,185,000)	(2,080,000)
Principal paid on general obligation bonds	-	-	-	(45,000)	-	(55,000)	-	(5,000)	(145,000)	(250,000)
Interest paid on certificates of obligation	-	-	-	(51,424)	-	(69,536)	-	-	(717,980)	(838,940)
Interest paid on general obligations	-	-	-	(1,125)	-	(109,725)	-	(875)	(128,894)	(240,619)
Proceeds from sale of assets	-	-	-	-	155,032	-	-	-	-	155,032
Net cash used for financing activities	-	-	-	(115,404)	(2,866,036)	(5,596,836)	(38,179)	(5,875)	(2,176,874)	(10,799,204)
Cash flows from investing activities:										
Purchase of investment securities	(3,375,298)	(1,350,665)	(434,712)	(353,614)	(3,120,584)	(5,151,504)	(137,187)	(1,440)	(4,315,130)	(18,240,134)
Proceeds from the sale and maturity of investment securities	2,689,925	1,950,495	614,276	526,774	3,945,382	4,525,109	525,121	2,144	6,116,727	20,895,953
Interest received on investments	65,154	42,432	18,514	14,170	117,874	163,632	12,784	63	154,401	589,024
Net cash provided by (used for) investing activities	(620,219)	642,262	198,078	187,330	942,672	(462,763)	400,718	767	1,955,998	3,244,843
Net increase (decrease) in cash and cash equivalents	2,442,146	768,092	258,106	188,074	2,103,991	3,600,336	(186,080)	766	2,728,413	11,903,844
Cash and cash equivalents at beginning of year	2,231,410	2,331,357	739,452	623,385	4,750,832	4,057,109	500,891	2,538	7,683,676	22,920,650
Cash and cash equivalents at end of year	$ 4,673,556	$ 3,099,449	$ 997,558	$ 811,459	$ 6,854,823	$ 7,657,445	$ 314,811	$ 3,304	$ 10,412,089	$ 34,824,494
Reconciliation to Statement of Net Position										
Cash and cash equivalents	$ 4,673,556	$ 3,099,449	$ 997,558	$ 469,034	$ 6,854,823	$ 5,918,779	$ 314,811	$ -	$ 10,393,070	$ 32,721,080
Construction fund cash and cash equivalents	-	-	-	342,425	-	1,738,666	-	3,304	19,019	2,103,414
Total cash and cash equivalents	$ 4,673,556	$ 3,099,449	$ 997,558	$ 811,459	$ 6,854,823	$ 7,657,445	$ 314,811	$ 3,304	$ 10,412,089	$ 34,824,494
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:										
Operating income (loss)	$ 2,694,709	$ 1,485,042	$ (172,765)	$ 253,823	$ 365,327	$ 4,926,560	$ (532,936)	$ (87,278)	$ 151,355	$ 9,083,837
Adjustments:										
Depreciation	-	-	-	72,019	3,542,453	3,193,251	10,113	11,672	1,237,025	8,066,533
Change in assets and liabilities:										
Decrease in pension related deferred outflows	208,634	127,721	-	454,077	-	1,243,147	463,285	113,271	1,156,266	3,766,401
Increase in OPEB related deferred outflows	(49,832)	(20,763)	-	(145,343)	-	(261,618)	(145,343)	(41,527)	(390,350)	(1,054,776)
(Increase) decrease in inventory	-	-	-	(39,152)	-	-	-	6,109	-	(33,043)
Increase in net pension asset	(7,926)	(4,852)	-	(17,251)	-	(47,229)	(17,601)	(4,303)	(43,928)	(143,090)
Decrease in net pension liability	(303,708)	(185,922)	-	(660,997)	-	(1,809,644)	(674,403)	(164,888)	(1,683,171)	(5,482,733)
(Increase) decrease in accounts receivable	(326,434)	(281,348)	-	-	-	1,538,753	(5,452)	-	(8,658)	916,861
Increase (decrease) in accounts payable	(193,308)	124,084	(4,111)	(230,785)	34,192	318,898	(75,643)	8,317	16,507	(1,849)
Increase in customer deposits	-	-	-	-	-	-	-	-	725,097	725,097
Increase (decrease) in compensated absences	9,736	10,370	-	(4,190)	-	24,764	(6,078)	(307)	20,594	54,889
Decrease in prepaid expense	-	-	-	37,600	-	-	-	-	-	37,600
Increase in OPEB liability	54,251	22,604	-	158,232	-	284,816	158,231	45,210	424,965	1,148,309
Increase (decrease) in insurance claims payable	559,953	(761,690)	236,904	-	-	-	-	-	-	35,167
Increase in pension related deferred inflows	115,721	70,841	-	251,859	-	689,524	256,965	62,826	641,334	2,089,070
Increase in OPEB related deferred inflows	6,886	2,869	-	20,085	-	36,153	20,085	5,739	53,943	145,760
Total adjustments	73,973	(896,086)	232,793	(103,846)	3,576,645	5,210,815	(15,841)	42,119	2,149,624	10,270,196
Net cash provided by (used for) operating activities	$ 2,768,682	$ 588,956	$ 60,028	$ 149,977	$ 3,941,972	$ 10,137,375	$ (548,777)	$ (45,159)	$ 2,300,979	$ 19,354,033
Non-cash transactions:										
Change in restricted accounts payable	$ -	$ -	$ -	$ (5,044)	$ -	$ (40,951)	$ -	$ -	$ -	(45,995)
Increase in fair value of investments	16,973	11,256	3,623	2,947	24,895	27,810	1,143	12	35,962	124,621

GARLAND

TEXAS MADE HERE

CITY OF GARLAND, TEXAS
Statistical Section
(Unaudited)

Contents **Page**

Financial Trends **122**

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity **128**

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity **132**

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information **137**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information **139**

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Garland
Net Position by Component
Last Ten Fiscal Years
(accural basis of accounting)
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	$ 151,311,862	$ 119,059,830	$ 109,150,600	$ 95,930,730	$ 127,763,560	$ 125,858,168	$ 141,966,385	$ 150,422,234	$ 177,385,098	$ 183,437,109
Restricted	18,134,847	13,646,512	12,875,368	9,106,322	7,859,043	7,574,847	6,284,970	7,904,536	8,365,076	14,797,879
Unrestricted	(6,063,639)	25,421,938	32,036,457	39,027,078	1,315,954	6,157,462	11,717,842	7,879,932	699,772	(10,392,577)
Total governmental activities net position	$ 163,383,070	$ 158,128,280	$ 154,062,425	$ 144,064,130	$ 136,938,557	$ 139,590,477	$ 159,969,197	$ 166,206,702	$ 186,449,946	$ 187,842,411
Business-type activities										
Net investment in capital assets	$ 337,930,445	$ 334,698,641	$ 343,566,237	$ 346,557,013	$ 438,249,356	$ 365,960,688	$ 376,738,418	$ 393,233,982	$ 408,670,773	$ 426,347,930
Restricted	82,525,231	116,110,801	157,524,421	196,275,271	178,691,456	180,855,772	182,974,266	184,733,224	186,750,517	164,352,786
Unrestricted	121,136,206	115,801,273	118,212,758	118,547,358	53,537,669	123,189,978	124,110,995	91,707,333	61,283,046	66,062,217
Total business-type activities net position	$ 541,591,882	$ 566,610,715	$ 619,303,416	$ 661,379,642	$ 670,478,481	$ 670,006,438	$ 683,823,679	$ 669,674,539	$ 656,704,336	$ 656,762,933
Primary government										
Net investment in capital assets	$ 489,242,307	$ 453,758,471	$ 452,716,837	$ 442,487,743	$ 566,012,916	$ 491,818,856	$ 518,704,803	$ 543,656,216	$ 586,055,871	$ 609,785,039
Restricted	100,660,078	129,757,313	170,399,789	205,381,593	186,550,499	188,430,619	189,259,236	192,637,760	195,115,593	179,150,665
Unrestricted	115,072,567	141,223,211	150,249,215	157,574,436	54,853,623	129,347,440	135,828,837	99,587,265	61,982,818	55,669,640
Total primary government activities net position	$ 704,974,952	$ 724,738,995	$ 773,365,841	$ 805,443,772	$ 807,417,038	$ 809,596,915	$ 843,792,876	$ 835,881,241	$ 843,154,282	$ 844,605,344

City of Garland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government	$ 31,153,948	$ 32,846,193	$ 29,640,148	$ 29,569,285	$ 29,243,108	$ 27,639,946	$ 28,672,583	$ 32,857,828	$ 33,421,800	$ 34,425,497
Public safety	88,837,476	86,168,466	90,653,595	90,755,164	92,128,110	91,105,170	93,438,294	103,855,466	107,419,896	108,420,934
Public works	40,530,087	41,358,430	42,540,513	41,666,670	40,870,496	41,893,889	42,473,055	46,703,808	39,356,985	42,764,067
Culture and recreation	19,849,963	19,505,793	21,566,920	20,805,012	21,442,173	20,820,273	21,780,835	24,405,765	24,743,188	24,323,627
Public health	3,455,498	3,604,317	3,881,311	4,018,652	4,322,827	4,105,273	4,401,399	4,819,386	4,682,394	4,405,451
Interest and fiscal charges	12,888,091	12,713,773	11,968,097	12,038,048	11,094,537	9,696,538	8,323,617	8,833,481	8,391,567	7,339,076
Total governmental activities expenses	196,715,063	196,196,972	200,250,584	198,852,831	199,101,251	195,261,089	199,089,783	221,475,734	218,015,830	221,678,652
Business-type activities:										
Electric	183,527,066	191,187,490	164,547,930	166,360,005	271,815,312	344,969,100	319,583,367	281,386,514	282,989,503	259,269,873
Water	33,000,743	34,274,026	38,602,207	40,702,500	43,758,542	46,952,415	48,965,136	54,403,015	58,299,626	64,111,798
Sewer	30,838,009	33,643,084	34,307,982	36,348,765	36,288,797	36,080,645	35,609,533	36,662,146	37,321,258	38,352,152
Golf	2,801,539	3,636,869	4,766,551	4,922,780	4,889,818	4,738,094	4,808,720	4,926,096	5,080,114	4,583,422
Heliport	27,482	39,590	30,292	85,480	5,365	5,329	5,351	5,350	5,344	5,315
Storm water management	3,176,002	3,598,351	3,669,785	3,519,113	3,926,814	3,996,717	3,949,180	3,878,831	3,842,023	4,292,213
Parks performance	818,781	778,409	965,305	1,022,947	964,590	1,031,470	1,113,223	1,233,076	1,259,287	1,248,760
Sanitation	15,558,875	15,943,590	16,045,778	16,972,881	16,965,951	17,415,020	17,085,912	17,786,836	17,841,828	18,485,025
Total business-type activities expenses	269,748,497	283,101,409	262,935,830	269,934,471	378,615,189	455,188,790	431,120,422	400,281,864	406,638,983	390,348,558
Total primary government expenses	$ 466,463,560	$ 479,298,381	$ 463,186,414	$ 468,787,302	$ 577,716,440	$ 650,449,879	$ 630,210,205	$ 621,757,598	$ 624,654,813	$ 612,027,210
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 6,010,639	$ 6,086,998	$ 6,403,716	$ 6,761,126	$ 6,792,917	$ 6,771,546	$ 7,211,710	$ 8,235,397	$ 8,432,962	$ 9,910,970
Public safety	12,015,983	11,904,259	12,685,675	14,130,333	15,467,011	14,845,171	15,447,629	17,925,072	19,019,451	19,654,603
Public works	13,317,251	12,326,162	18,311,836	14,710,176	14,626,584	14,690,728	16,858,348	20,301,355	19,976,447	18,752,900
Culture and recreation	1,871,402	1,701,121	1,673,984	1,523,989	1,726,202	1,562,302	1,580,984	1,489,423	1,367,082	1,354,400
Public health	314,819	501,507	283,433	409,920	534,179	494,343	460,154	546,298	539,542	514,925
Operating grants and contributions	17,351,640	21,420,963	21,723,466	16,885,088	17,203,324	14,290,332	14,640,650	15,090,766	16,271,994	15,409,934
Capital grants and contributions	2,082,015	974,984	649,244	815,387	1,785,232	560,265	2,695,395	8,377,011	12,892,981	11,057,555
Total governmental activities program revenues	52,963,749	54,915,994	61,731,354	55,236,019	58,135,449	53,214,687	58,894,870	71,965,322	78,500,459	76,655,287
Business-type activities:										
Charges for services:										
Electric	229,710,285	231,758,075	222,638,789	222,228,397	296,866,570	376,657,906	338,473,487	278,334,789	279,846,202	287,169,337
Water	34,236,560	40,688,647	50,472,770	46,525,981	50,176,879	49,536,979	57,135,679	63,373,281	63,623,236	76,184,876
Sewer	38,396,280	40,316,535	41,809,811	42,172,904	41,831,894	43,460,465	43,609,415	44,628,715	44,237,184	43,902,151
Golf	1,996,599	2,163,761	3,596,869	3,724,490	3,677,689	3,630,768	3,528,120	3,577,522	3,964,942	3,708,057
Heliport	6,451	6,528	6,523	6,713	6,865	6,956	7,018	7,032	7,118	7,257
Storm water management	3,137,707	3,455,484	3,775,995	3,840,350	3,824,990	3,820,130	3,829,343	3,819,769	3,860,797	4,326,657
Parks performance	831,481	694,108	1,004,106	1,052,256	1,124,046	1,005,702	1,091,961	1,198,950	1,220,969	1,092,368
Sanitation	16,191,391	15,750,835	16,406,642	16,898,137	17,469,768	17,586,500	19,243,412	19,379,321	19,712,847	19,877,745
Operating grants and contributions	-	-	-	-	-	-	-	-	884,150	-
Capital grants and contributions	3,679,673	878,483	3,213,159	1,249,457	1,787,937	953,011	1,678,626	2,534,605	3,113,641	3,600,423
Total business-type activities program revenues	328,186,427	335,712,456	342,924,664	337,698,685	416,766,638	496,658,417	468,597,061	416,853,984	420,471,086	439,868,871
Total primary government program revenues	$ 381,150,176	$ 390,628,450	$ 404,656,018	$ 392,934,704	$ 474,902,087	$ 549,873,104	$ 527,491,931	$ 488,819,306	$ 498,971,545	$ 516,524,158

City of Garland
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (expense)/revenue										
Governmental activities	$ (143,751,314)	$ (141,280,978)	$ (138,519,230)	$ (143,616,812)	$ (140,965,802)	$ (142,046,402)	$ (140,194,913)	$ (149,510,412)	$ (139,515,371)	$ (145,023,365)
Business-type activities	58,437,930	52,611,047	79,988,834	67,764,214	38,151,449	41,469,627	37,476,639	16,572,120	13,832,103	49,520,313
Total primary government net expense	$ (85,313,384)	$ (88,669,931)	$ (58,530,396)	$ (75,852,598)	$ (102,814,353)	$ (100,576,775)	$ (102,718,274)	$ (132,938,292)	$ (125,683,268)	$ (95,503,052)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes	$ 77,869,371	$ 75,675,105	$ 72,960,307	$ 71,712,486	$ 71,160,273	$ 71,507,322	$ 74,345,310	$ 79,069,419	$ 87,329,443	$ 95,795,752
Sales taxes	22,041,066	21,648,693	21,609,756	22,684,164	23,537,389	24,667,765	26,497,069	30,234,776	29,894,875	30,129,008
Franchise taxes	7,935,599	8,352,056	8,255,818	7,887,388	8,646,942	9,091,491	8,832,022	8,452,280	8,746,777	8,912,728
Hotel/motel taxes	483,639	562,590	687,233	773,753	825,003	896,702	1,071,660	1,356,259	1,415,395	1,431,266
Mixed drink taxes	233,290	263,272	262,941	238,486	255,607	327,324	351,879	370,992	401,934	413,241
Bingo taxes	105,488	99,634	100,691	104,178	106,252	105,701	105,198	116,434	86,889	88,130
Unrestricted investment earnings	2,771,407	730,796	512,142	648,009	266,319	679,278	821,107	913,992	1,117,176	2,313,130
Miscellaneous	(58,601)	28,089	89,257	85,561	59,186	132,933	2,788,292	251,073	606,208	34,151
Transfers	26,866,448	28,665,953	29,975,230	29,484,492	30,796,507	39,628,270	32,236,236	34,982,692	30,159,918	40,394,892
Total governmental activities	138,247,707	136,026,188	134,453,375	133,618,517	135,653,478	147,036,786	147,048,773	155,747,917	159,758,615	179,512,298
Business-type activities:										
Unrestricted investment earnings	5,031,184	1,426,960	1,045,332	1,703,509	42,619	1,481,986	1,823,835	1,671,185	1,961,783	3,216,278
Miscellaneous	(2,566,210)	1,176,711	1,633,765	2,092,995	1,701,278	2,074,837	1,701,956	2,590,247	1,395,829	2,100,389
Loss on sale of capital assets	-	(1,529,932)	-	-	-	-	-	-	-	-
Transfers	(26,866,448)	(28,665,953)	(29,975,230)	(29,484,492)	(30,796,507)	(39,628,270)	(32,236,236)	(34,982,692)	(30,159,918)	(40,394,892)
Total business-type activities	(24,401,474)	(27,592,214)	(27,296,133)	(25,687,988)	(29,052,610)	(36,071,447)	(28,710,445)	(30,721,260)	(26,802,306)	(35,078,225)
Total primary government	$ 113,846,233	$ 108,433,974	$ 107,157,242	$ 107,930,529	$ 106,600,868	$ 110,965,339	$ 118,338,328	$ 125,026,657	$ 132,956,309	$ 144,434,073
Change in Net Position										
Governmental activities	$ (5,503,607)	$ (5,254,790)	$ (4,065,855)	$ (9,998,295)	$ (5,312,324)	$ 4,990,384	$ 6,853,860	$ 6,237,505	$ 20,243,244	$ 34,488,933
Business-type activities	34,036,456	25,018,833	52,692,701	42,076,226	9,098,839	5,398,180	8,766,194	(14,149,140)	(12,970,203)	14,442,088
Cumulative effect of change in acctg principle	-	-	-	-	-	(8,208,687)	18,575,907	-	-	(47,479,959)
Total primary government	$ 28,532,849	$ 19,764,043	$ 48,626,846	$ 32,077,931	$ 3,786,515	$ 2,179,877	$ 34,195,961	$ (7,911,635)	$ 7,273,041	$ 1,451,062

Table 3

City of Garland
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Hotel/Motel Tax	Mixed Drink Tax	Bingo Tax	Total
2009	$ 77,869,371	$ 22,041,066	$ 7,935,599	$ 483,639	$ 233,290	$ 105,488	$ 108,668,453
2010	75,591,153	21,573,549	8,352,056	562,590	263,272	99,634	106,442,254
2011	72,960,307	21,609,756	8,255,818	687,233	262,941	100,691	103,876,746
2012	71,712,486	22,684,164	7,887,388	773,753	238,486	104,178	103,400,455
2013	71,160,273	23,537,389	8,646,942	825,003	255,607	106,252	104,531,466
2014	71,507,322	24,667,765	9,091,491	896,702	327,324	105,701	106,596,305
2015	74,345,310	26,497,069	8,832,022	1,071,660	351,879	105,198	111,203,138
2016	79,069,419	30,234,776 *	8,452,280	1,356,259	370,992	116,434	119,600,160
2017	87,329,443	29,894,875	8,746,777	1,415,395	401,934	86,889	127,875,313
2018	95,795,752	30,129,008	8,912,728	1,431,266	413,241	88,130	136,770,125

* Sales tax includes a one-time audit adjustment of $1,267,967.

City of Garland
Fund Balances of Government Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved for other	$ 394,642	$ 564,849	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted for construction	-	-	762,541	758,444	1,531,005	135,552	820,577	851,283	762,777	2,661,895
Committed	-	-	-	-	-	-	-	-	-	11,399,953
Assigned	-	-	4,730,000	4,730,000	4,480,000	4,230,000	3,980,000	3,730,000	3,480,000	3,230,000
Unreserved	18,480,293	19,639,675	-	-	-	-	-	-	-	-
Unassigned	-	-	13,881,953	16,575,077	18,252,865	21,364,117	20,944,205	22,467,723	30,955,648	17,641,489
Total general fund	$ 18,874,935	$ 20,204,524	$ 19,374,494	$ 22,063,521	$ 24,263,870	$ 25,729,669	$ 25,744,782	$ 27,049,006	$ 35,198,425	$ 34,933,337
All other government funds										
Reserved for:										
Debt service	$ 6,140,162	$ 6,051,447	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Capital project funds	-	-	-	-	-	-	-	-	-	-
Special revenue funds	14,329,972	9,411,927	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Special revenue funds	3,721,683	4,624,832	-	-	-	-	-	-	-	-
Capital project funds	1,727,367	(3,467,032)	-	-	-	-	-	-	-	-
Non spendable:										
Prepaid	-	-	902,142	-	-	-	-	-	-	-
Restricted for:										
General government	-	-	1,122,223	39,730,596	33,393,625	22,931,442	344,704	460,690	619,178	3,728,181
Debt service	-	-	6,265,763	5,241,033	6,314,007	7,843,714	6,235,664	5,729,738	6,298,049	6,556,425
Parks construction	-	-	-	-	-	-	115,016	368,549	961,391	581,433
Streets and drainage	-	-	-	-	-	-	68,129	2,748,505	11,292,276	2,222,061
Public facilities	-	-	-	-	-	-	42,207,841	36,664,668	38,207,888	38,421,468
Other capital projects	-	-	3,577,680	1,774,748	1,727,296	1,035,676	6,921,928	237,619	828,678	-
Housing assistance	-	-	1,305,371	984,567	935,202	570,169	1,005,267	1,354,176	1,176,106	2,113,317
Public safety	-	-	-	53,785	-	-	786,043	798,548	567,248	310,362
Committed for:										
Neighborhood services	-	-	303,531	332,670	444,858	453,849	426,644	528,668	512,220	-
Culture & recreation							1,963,149	2,273,584	2,531,681	-
Landfill closure	-	-	1,429,229	1,615,772	1,934,063	2,149,180	197,263	25,631	25,932	-
Public works and infrastructure	-	-	4,240,615	4,626,022	5,006,527	5,404,617	6,643,558	7,352,692	6,628,149	8,155,937
Assigned for:										
General government	-	-	-	-	-	-	-	-	-	9,755,580
Unassigned										
Capital project funds	-	-	(5,016,257)	-	-	-	-	-	-	-
Nonmajor governmental funds	-	-	-	-	-	(5,500)	-	-	-	(24,480)
Total all other governmental funds	$ 25,919,184	$ 16,621,174	$ 14,130,297	$ 54,359,193	$ 49,755,578	$ 40,383,147	$ 66,915,206	$ 58,543,068	$ 69,648,796	$ 71,820,284

Note: The City implemented GASB 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

In 2018, fund balances associated with Infrastructure, Public Health, and Economic Development was designated as committed.

City of Garland
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	$ 100,620,433	$ 98,370,888	$ 95,523,675	$ 95,535,319	$ 95,793,994	$ 97,585,254	$ 102,157,106	$ 110,932,701	$ 119,054,419	$ 127,764,097
Franchise fees	7,935,599	8,352,056	8,255,818	7,887,388	8,646,942	9,091,491	8,832,022	8,452,280	8,746,777	8,912,728
Service charges	17,537,722	16,929,426	18,102,510	20,411,968	20,239,605	20,791,739	22,040,585	26,789,030	26,037,157	27,082,445
Licenses and permits	2,566,182	3,085,185	2,893,000	3,751,589	3,393,137	3,781,703	3,860,441	4,906,892	5,201,460	4,488,052
Investment earnings	1,739,575	501,419	384,119	482,567	243,088	529,912	607,191	625,129	837,061	1,703,775
Intergovernmental	16,786,683	19,995,862	20,304,725	15,573,047	16,079,825	13,450,076	13,692,567	14,656,626	14,628,063	16,237,327
Charges for services	7,324,102	7,430,975	7,871,534	8,010,474	7,973,376	8,002,858	8,576,934	8,975,685	9,426,444	9,819,344
Fines and forfeits	6,064,644	5,627,058	5,097,867	6,110,138	6,955,299	6,730,988	6,608,238	7,521,426	8,586,513	7,234,696
Rents and concessions	1,089,898	947,961	762,914	788,504	804,298	833,456	829,410	748,504	745,942	771,769
Assessments	32,609	49,455	34,223	61,182	61,779	77,710	195,043	82,743	39,797	39,872
Impact fees	140,278	252,767	289,553	368,620	377,520	380,120	1,405,625	714,624	1,640,837	1,441,120
Contributions	418,424	619,197	5,219,595	31,881	-	-	30,847	151,654	-	-
Program income	135,695	163,681	193,209	376,059	365,103	292,533	408,698	740,485	360,193	1,405,285
Special event income	-	-	174,578	-	216,026	-	-	-	-	-
Miscellaneous	1,998,868	1,124,216	2,248,086	998,201	2,342,106	815,199	1,358,754	4,879,561	12,237,187	6,620,881
Awards	374,145	665,163	467,831	573,187	192,737	230,571	334,576	218,681	291,479	160,403
Total Revenues	164,764,857	164,115,309	167,823,237	160,960,124	163,684,835	162,593,610	170,938,037	190,396,021	207,833,329	213,681,794
Expenditures										
General government	10,183,430	9,817,583	9,415,810	9,339,438	9,820,852	10,066,773	10,335,083	12,471,750	11,784,388	12,083,845
Public safety	75,268,367	74,890,153	77,463,425	77,639,802	78,338,393	79,341,146	81,633,191	87,878,926	89,743,140	95,537,161
Public works	8,931,181	8,709,794	19,151,977	18,457,911	17,391,246	19,617,640	20,656,938	22,529,626	22,329,429	27,150,168
Culture and recreation	12,550,200	12,641,150	13,245,845	12,794,896	13,218,113	13,371,187	13,573,292	14,366,431	15,083,685	16,471,742
Public health	2,893,506	3,189,738	3,174,073	3,364,592	3,579,737	3,606,072	3,763,652	3,885,801	3,801,719	3,833,685
Nondepartmental	16,941,189	17,315,649	18,695,922	19,086,070	21,243,401	20,992,758	23,629,265	26,805,888	24,798,432	27,873,387
Operations	28,925,801	28,602,430	17,392,687	16,978,956	15,974,313	15,229,201	14,635,127	15,326,008	15,376,461	16,288,216
Capital Outlay	16,664,598	18,721,222	19,475,793	12,977,724	18,460,127	30,798,802	18,359,468	29,638,166	30,314,161	46,444,414
Debt service										
Principal	16,637,994	17,476,637	16,165,582	17,922,725	17,370,398	20,108,094	19,810,813	21,600,000	21,980,000	24,785,000
Interest	12,767,629	10,879,254	10,215,634	8,991,405	11,900,025	9,949,833	9,078,192	10,308,594	8,939,092	9,706,544
Issue costs on issuance of debt	35,000	70,000	107,306	1,038,554	307,935	311,537	313,973	-	490,612	-
Other charges	475,849	617,619	758,265	454,846	339,837	72,285	406,218	300,280	319,197	415,626
Total expenditures	202,274,744	202,931,229	205,262,319	199,046,919	207,944,377	223,465,328	216,195,212	245,111,470	244,960,316	280,589,788
Excess of revenues over (under) expenditures	(37,509,887)	(38,815,920)	(37,439,082)	(38,086,795)	(44,259,542)	(60,871,718)	(45,257,175)	(54,715,449)	(37,126,987)	(66,907,994)
Other financing sources (uses)										
Sale of capital assets	363,244	112,389	25,747	117,097	528,187	1,232,275	167,619	624,725	557,911	68,888
Transfers in	40,823,290	49,485,628	47,439,233	42,083,177	37,847,598	50,731,130	49,149,623	44,272,571	49,444,705	66,566,899
Transfers out	(15,483,332)	(20,970,518)	(16,395,360)	(12,675,653)	(7,209,853)	(8,541,923)	(19,724,709)	(14,019,482)	(19,708,769)	(26,253,518)
Issuance of debt	350,000	2,220,000	2,545,000	46,245,000	10,835,000	9,110,000	40,370,000	14,765,000	23,490,000	25,365,000
Premium on issuance of debt	-	-	280,745	4,905,097	1,165,344	1,447,424	3,081,644	2,004,721	10,211,911	3,067,125
Refunding proceeds	-	-	4,655,000	17,365,000	6,650,000	17,515,000	34,525,000	-	55,425,000	-
Payment to bond refunding agent	-	-	(4,432,030)	(17,035,000)	(7,960,000)	(18,528,820)	(35,764,832)	-	(63,038,619)	-
Total other financing sources (uses)	26,053,202	30,847,499	34,118,335	81,004,718	41,856,276	52,965,086	71,804,345	47,647,535	56,382,139	68,814,394
Net change in fund balances	$ (11,456,685)	$ (7,968,421)	$ (3,320,747)	$ 42,917,923	$ (2,403,266)	$ (7,906,632)	$ 26,547,170	$ (7,067,914)	$ 19,255,152	$ 1,906,400
Debt service as a percentage of noncapital expenditures	15.84%	15.39%	14.20%	14.46%	15.45%	15.60%	14.60%	14.81%	14.40%	14.73%

Table 6

City of Garland
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30,	Residential Property	Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2009	$ 7,533,422,800	$ 4,849,225,450	$ 867,229,570	$ 2,128,083,759	$ 11,121,794,061	0.6996
2010	7,329,071,850	4,695,542,330	892,371,360	2,198,702,169	10,718,283,371	0.7046
2011	7,189,739,690	4,456,246,940	868,476,430	2,162,392,225	10,352,070,835	0.7046
2012	7,073,235,060	4,482,821,460	856,956,640	2,292,980,261	10,120,032,899	0.7046
2013	6,925,794,480	4,465,116,770	925,935,130	2,347,404,371	9,969,442,009	0.7046
2014	6,900,021,740	4,679,026,760	879,388,670	2,425,139,035	10,033,298,135	0.7046
2015	7,113,456,210	4,928,351,740	841,096,940	2,456,451,404	10,426,453,486	0.7046
2016	7,636,480,700	5,189,352,440	829,469,960	2,573,293,675	11,082,009,425	0.7046
2017	8,807,329,810	5,738,601,110	873,666,970	3,086,963,695	12,332,634,195	0.7046
2018	9,710,744,870	6,070,137,390	928,053,960	3,257,290,309	13,451,645,911	0.7046

Note: Total Taxable Assessed Value represents the original certified taxable value. It does not include valuation of protested property at certification date.

Source: City of Garland, Texas - Tax Office

City of Garland
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)

	City Direct Rates			Overlapping Rates*													
Fiscal Year	General Fund	Debt Service Fund	Total Direct	Garland Independent School District	Dallas County	Dallas County Hospital District	Dallas County Community College District	Dallas Independent School District	Dallas County Schools	Richardson Independent School District	Mesquite Independent School District	Collin County	Collin County Community College District	Plano Independent School District	Rockwall Independent School District	Rockwall County
2009	$ 0.3890	$ 0.3106	$ 0.6996	$ 1.2533	$ 0.2281	$ 0.2540	$ 0.0894	$ 1.1834	$ -	$ 1.3401	$ 1.4000	$ -	$ -	$ -	$ -	$ -
2010	0.3890	0.3156	0.7046	1.2533	0.2281	0.2740	0.0949	1.2713	-	1.3401	1.4200	0.2425	0.0863	1.3284	-	-
2011	0.3940	0.3106	0.7046	1.2533	0.2431	0.2710	0.0992	1.2378	-	1.3401	1.4200	0.2400	0.0863	1.3534	-	-
2012	0.3940	0.3106	0.7046	1.2533	0.2531	0.2710	0.0997	1.2903	0.0100	1.3401	1.4200	0.2400	0.0863	1.3734	-	-
2013	0.3940	0.3106	0.7046	1.2533	0.2431	0.2710	0.1194	1.2903	0.0100	1.3401	1.4200	0.2400	0.0863	1.3734	-	-
2014	0.3940	0.3106	0.7046	1.2533	0.2431	0.2760	0.1247	1.2821	0.0100	1.3401	1.4200	0.2375	0.0836	1.4530	-	-
2015	0.3940	0.3106	0.7046	1.2533	0.2431	0.2860	0.1247	1.2821	0.0100	1.3400	1.4100	0.2350	0.0820	1.4480	-	-
2016	0.3940	0.3106	0.7046	1.2533	0.2431	0.2860	0.1247	1.2821	0.0100	1.3400	1.4100	0.2350	0.0820	1.4480	-	-
2017	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1229	1.2821	0.0093	1.3901	1.4600	0.2084	0.0812	1.4390	-	-
2018	0.3940	0.3106	0.7046	1.4600	0.2431	0.2794	0.1240	1.4120	0.0090	1.5200	1.5200	0.1810	0.0810	1.4390	1.4300	0.3280

Source: City of Garland, Texas - Tax Office

Note: The City's basic tax rate cannot exceed $2.50 per $100 assessed value.

* Overlapping rates are those of local and county governments that apply to property owners within the City of Garland. Not all overlapping rates apply to all City of Garland property owners; for example, although the county property tax rates apply to all city property owners, the Mesquite Independent School District rates apply only to property owners whose property is located within that districts' geographic boundaries.

City of Garland
Principal Property Tax Payers
Current Year and Ten Years Ago
(unaudited)

	2018			2009		
Taxpayer	**Taxable Assessed Valuation**	**Rank**	**Percent of Total City Taxable Assessed Value**	**Taxable Assessed Valuation**	**Rank**	**Percent of Total City Taxable Assessed Value**
Sprint Spectrum LLP	$ 133,736,930	1	0.89%	$ -		-
Kraft Heinz Food Company	108,129,180	2	0.72%	55,316,531	5	0.49%
Simon Property Group	104,750,000	3	0.69%	132,818,770	1	1.18%
Ragingwire Data Centers Inc	91,951,530	4	0.61%	-		-
WRPC XII Firewheel Garland LLC	70,927,140	5	0.47%	-		-
Worthing Campfire LP	50,874,730	6	0.34%	-		-
Plastipak Packaging	42,892,195	7	0.28%	65,169,734	3	0.58%
Daisy Brand	38,703,601	8	0.26%	-		-
Equinox Apartments LLC	37,821,900	9	0.25%	-		-
Southwest Seven Oaks	30,816,740	10	0.20%	-		-
Walmart/Sam's Club	-		-	90,857,510	2	0.81%
Valspar Engineered Polymer	-		-	59,742,723	4	0.53%
Verizon	-		-	52,925,200	6	0.47%
Sears Roebuck and Co.	-		-	51,830,097	7	0.46%
SST Truck Co LLC	-		-	42,535,560	8	0.38%
Longridge Residential	-		-	38,300,000	9	0.34%
Advenir @ Town Centre LLC	-		-	37,399,550	10	0.33%
	$ 710,603,946		4.71%	$ 626,895,675		5.59%

Source: City of Garland, Texas - Tax Office

Table 9

City of Garland
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collections within Fiscal Year of the Levy		Collections & Adjustments in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2009	$ 77,977,700	$ 76,842,208	98.54%	$ 1,082,177	$ 77,924,384	99.93%
2010	75,678,090	74,800,032	98.84%	821,942	75,621,974	99.93%
2011	73,103,186	72,238,056	98.82%	809,040	73,047,096	99.92%
2012	71,301,935	70,589,967	99.00%	657,220	71,247,187	99.92%
2013	70,801,851	70,130,748	99.05%	612,051	70,742,799	99.92%
2014	71,071,583	70,536,234	99.25%	472,969	71,009,203	99.91%
2015	73,798,105	73,250,492	99.26%	393,383	73,643,875	99.79%
2016	78,610,052	78,025,905	99.26%	404,851	78,430,756	99.77%
2017	86,774,848	86,089,470	99.21%	425,828	86,515,298	99.70%
2018	95,302,690	94,597,181	99.26%	-	94,597,181	99.26%

Source: City of Garland, Texas - Tax Office and Office of Finance

City of Garland
Ratios of Outstanding Debt by Year
Last Ten Fiscal Years
(unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES										
General Government										
General Obligation Bonds	$ 193,645,000	$ 182,509,936	$ 172,775,415	$ 225,628,652	$ 208,456,051	$ 195,362,128	$ 201,764,579	$ 183,515,056	$ 187,493,295	$ 165,534,662
Certificates of Obligation	56,571,724	51,834,242	48,268,665	33,650,768	42,478,233	43,498,236	56,061,573	67,278,178	65,614,844	87,129,637
Other Obligations	-	-	124,145	95,342	65,098	33,343	-	-	-	-
Total	250,216,724	234,344,178	221,168,225	259,374,762	250,999,382	238,893,707	257,826,152	250,793,234	253,108,139	252,664,299
Percentage of Personal Income	3.85%	3.59%	3.38%	5.17%	4.94%	4.67%	5.08%	4.67%	4.51%	4.58%
Per Capita	1,107.82	1,032.74	971.20	1,137.31	1,083.68	1,024.39	1,099.32	1,063.20	1,068.93	1,060.31
Internal Services										
General Obligation Bonds	$ 1,005,000	$ 932,614	$ 917,060	$ 940,087	$ 881,894	$ 1,868,920	$ 1,561,225	$ 1,287,166	$ 5,943,831	$ 5,555,243
Certificates of Obligation	39,362,339	38,137,326	35,561,335	33,348,720	31,646,677	28,445,303	26,167,129	25,940,730	19,695,033	17,994,195
Total	40,367,339	39,069,940	36,478,395	34,288,807	32,528,571	30,314,223	27,728,354	27,227,896	25,638,864	23,549,438
Percentage of Personal Income	0.62%	0.60%	0.56%	0.68%	0.64%	0.59%	0.55%	0.51%	0.46%	0.43%
Per Capita	178.72	172.18	160.19	150.35	140.44	129.99	118.23	115.43	108.28	98.83
Total Governmental Activities										
General Obligation Bonds	$ 194,650,000	$ 183,442,550	$ 173,692,475	$ 226,568,739	$ 209,337,945	$ 197,231,048	$ 203,325,804	$ 184,802,222	$ 193,437,126	$ 171,089,905
Certificates of Obligation	95,934,063	89,971,568	83,830,000	66,999,488	74,124,910	71,943,539	82,228,702	93,218,908	85,309,877	105,123,832
Other Obligations	-	-	124,145	95,342	65,098	33,343	-	-	-	-
Total	290,584,063	273,414,118	257,646,620	293,663,569	283,527,953	269,207,930	285,554,506	278,021,130	278,747,003	276,213,737
Percentage of Personal Income	4.47%	4.19%	3.93%	5.86%	5.57%	5.26%	5.62%	5.18%	4.97%	4.92%
Per Capita	1,287	1,205	1,131	1,288	1,224	1,154	1,218	1,179	1,177	1,159
BUSINESS-TYPE ACTIVITIES										
Revenue Bonds	$ 296,575,000	$ 304,765,000	$ 316,815,000	$ 316,972,656	$ 307,357,705	$ 406,859,556	$ 381,487,963	$ 356,430,875	$ 371,429,037	$ 427,244,016
General Obligation Bonds	82,285,000	79,785,000	81,170,000	76,992,004	68,356,211	59,942,513	48,745,628	38,143,825	28,335,233	18,829,023
Certificates of Obligation	17,920,937	140,758,432	131,930,000	141,434,684	140,813,081	143,258,324	200,060,219	188,467,493	175,497,335	162,615,617
Commercial Paper	-	-	-	10,000,000	80,000,000	15,000,000	35,000,000	89,910,000	163,280,000	159,440,000
Other Obligations	-	-	-	179,335	-	-	-	-	-	-
Total	396,780,937	525,308,432	529,915,000	545,578,679	596,526,997	625,060,393	665,293,810	672,952,193	738,541,605	768,128,656
Percentage of Personal Income	6.11%	8.05%	8.09%	10.89%	11.73%	12.21%	13.10%	12.54%	13.16%	13.92%
Per Capita	1,757	2,315	2,327	2,392	2,575	2,680	2,837	2,853	3,119	3,223
Total Primary Government	$ 687,365,000	$ 798,722,550	$ 787,561,620	$ 839,242,248	$ 880,054,950	$ 894,268,323	$ 950,848,316	$ 950,973,323	$ 1,017,288,608	$ 1,044,342,393
Percentage of Personal Income	10.58%	12.24%	12.02%	16.74%	17.30%	17.46%	18.72%	17.72%	18.13%	18.92%
Per Capita	3,043	3,520	3,458	3,680	3,800	3,835	4,054	4,032	4,296	4,383

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics for personal income and population data.

It should be noted that a substantial portion of the debt associated with Business-Type activities is related to the Electric Utility and includes debt associated with transmission line projects that will allow the utility to receive additional transmission revenue from the Electric Reliability Council of Texas ratepayers.

City of Garland
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
GOVERNMENTAL ACTIVITIES										
General Government										
General Obligation Bonds	$ 193,645,000	$ 182,509,936	$ 172,775,415	$ 225,628,652	$ 208,456,051	$ 195,362,128	$ 201,764,579	$ 183,515,056	$ 187,493,295	$ 165,534,662
Certificates of Obligation	56,571,724	51,834,242	48,268,665	33,650,768	42,478,233	43,498,236	56,061,573	67,278,178	65,614,844	87,129,637
Less: Amount Available in Debt Service Fund	4,369,046	4,534,151	4,856,364	2,206,544	4,691,533	6,486,930	4,578,281	4,578,281	5,239,767	5,304,131
Total	245,847,678	229,810,027	216,187,716	257,072,876	246,242,751	232,373,434	253,247,871	246,214,953	247,868,372	247,360,168
Percentage of Estimated Actual Taxable Value of Property	2.21%	2.14%	2.09%	2.54%	2.47%	2.32%	2.43%	2.22%	2.01%	1.84%
Per Capita	1,088.47	1,012.76	949.33	1,127.22	1,063.14	996.43	1,079.80	1,043.79	1,046.80	1,038.05
Internal Services										
General Obligation Bonds	$ 1,005,000	$ 932,614	$ 917,060	$ 940,087	$ 881,894	$ 1,868,920	$ 1,561,225	$ 1,287,166	$ 5,943,831	$ 5,555,243
Certificates of Obligation	39,362,339	38,137,326	35,561,335	33,348,720	31,646,677	28,445,303	26,167,129	25,940,730	19,695,033	17,994,195
Less: Amount Available in Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Total	40,367,339	39,069,940	36,478,395	34,288,807	32,528,571	30,314,223	27,728,354	27,227,896	25,638,864	23,549,438
Percentage of Estimated Actual Taxable Value of Property	0.36%	0.36%	0.35%	0.34%	0.33%	0.30%	0.27%	0.25%	0.21%	0.18%
Per Capita	178.72	172.18	160.19	150.35	140.44	129.99	118.23	115.43	108.28	98.83
Total Governmental Activities										
General Obligation Bonds	$ 194,650,000	$ 183,442,550	$ 173,692,475	$ 226,568,739	$ 209,337,945	$ 197,231,048	$ 203,325,804	$ 184,802,222	$ 193,437,126	$ 171,089,905
Certificates of Obligation	95,934,063	89,971,568	83,830,000	66,999,488	74,124,910	71,943,539	82,228,702	93,218,908	85,309,877	105,123,832
Less: Amount Available in Debt Service Fund	4,369,046	4,534,151	4,856,364	2,206,544	4,691,533	6,486,930	4,578,281	4,578,281	5,239,767	5,304,131
Total	286,215,017	268,879,967	252,666,111	291,361,683	278,771,322	262,687,657	280,976,225	273,442,849	273,507,236	270,909,606
Percentage of Estimated Actual Taxable Value of Property	2.57%	2.51%	2.44%	2.88%	2.80%	2.62%	2.69%	2.47%	2.22%	2.01%
Per Capita	1,267	1,185	1,110	1,278	1,204	1,126	1,198	1,159	1,155	1,137
BUSINESS-TYPE ACTIVITIES										
General Obligation Bonds	$ 82,285,000	$ 79,785,000	$ 81,170,000	$ 76,992,004	$ 68,356,211	$ 59,942,513	$ 48,745,628	$ 38,143,825	$ 28,335,233	$ 18,829,023
Certificates of Obligation	17,920,937	140,758,432	131,930,000	141,434,684	140,813,081	143,258,324	200,060,219	188,467,493	175,497,335	162,615,617
Total	100,205,937	220,543,432	213,100,000	218,426,688	209,169,292	203,200,837	248,805,847	226,611,318	203,832,568	181,444,640
Percentage of Estimated Actual Taxable Value of Property	0.90%	2.06%	2.06%	2.16%	2.10%	2.03%	2.39%	2.04%	1.65%	1.35%
Per Capita	444	972	936	958	903	871	1,061	961	861	761
Total Primary Government	$ 386,420,954	$ 489,423,399	$ 465,766,111	$ 509,788,371	$ 487,940,614	$ 465,888,494	$ 529,782,072	$ 500,054,167	$ 477,339,804	$ 452,354,246
Percentage of Estimated Actual Taxable Value of Property	3.47%	4.57%	4.50%	5.04%	4.89%	4.64%	5.08%	4.51%	3.87%	3.36%
Per Capita	1,711	2,157	2,045	2,235	2,107	1,998	2,259	2,120	2,016	1,898

This report reflects changes made to the General Obligation Debt column to properly report the total amount of general obligation debt outstanding each year.

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

See the Schedule of Demographic and Economic Statistics for population data.

Total tax-supported debt (including commercial paper) is maintained so as not to exceed five percent (5%) of the total assessed valuation of taxable property. The City is currently below the threshold.

City of Garland
Estimated Direct and Overlapping Governmental Activities Debt
September 30, 2018
(unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Garland Independent School District	$ 595,540,090	69.03%	$ 411,101,324
Collin County	319,710,000	0.02%	63,942
Collin County Community College District	246,415,000	0.02%	49,283
Dallas County	172,265,000	5.81%	10,008,597
Dallas County Community College District	224,030,000	5.81%	13,016,143
Dallas County Hospital District	687,775,000	5.81%	39,959,728
Dallas County Schools	36,600,000	5.81%	2,126,460
Dallas Independent School District	2,817,050,000	0.18%	5,070,690
Richardson Independent School District	557,014,992	3.39%	18,882,808
Plano Independent School District	957,625,000	0.05%	478,813
Mesquite Independent School District	637,013,142	1.95%	12,421,756
Rockwall County	99,520,000	0.00%	-
Rockwall Independent School District	523,201,636	0.00%	-
Subtotal, overlapping debt			513,179,543
City direct debt			276,213,737
Total estimated direct and overlapping debt			$ 789,393,280

Sources: This statement was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Garland. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

* The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City's boundaries and dividing it by the government's total taxable assessed value.

City of Garland
Legal Debt Margin Information
September 30, 2018
(unaudited)

As a home rule city, the City of Garland is not limited by the law in the amount of debt it may issue. The City's charter (section 9.1) states:

> The Council shall have power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City of Garland, not exempt from taxation by the Constitution and laws of the State of Texas, based upon its true value as provided by law, to the extent of the constitutional limit permitted by the State of Texas to cities of over five thousand (5,000) population, and which said tax shall embrace all taxes for municipal purposes.

The City tax rate limitation is $2.50 per $100 assessed value. The tax rate for FY18 is $.7046 per $100.00 assessed value.

City of Garland
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)

Table 14

Fiscal Year	Electric Utility System Revenue Bonds						Water & Sewer Utility System Revenue Bonds					
	Gross Revenues (1)	Less: Operation & Maintenance Expenses (2)	Net Available Revenue (3)	Average Annual Debt Service (4) Principal	Average Annual Debt Service (4) Interest	Times Coverage (5)	Gross Revenues (1)	Less: Operation & Maintenance Expenses (2)	Net Available Revenue (3)	Average Annual Debt Service (4) Principal	Average Annual Debt Service (4) Interest	Times Coverage (5)
2009	$ 235,467,591	$ 167,009,741	$ 68,457,850	$ 5,385,500	$ 2,351,999	8.85	$ 73,238,821	$ 43,211,675	$ 30,027,146	$ 9,443,250	$ 4,067,502	2.22
2010	233,400,529	166,466,197	66,934,332	5,399,211	2,207,117	8.80	81,396,091	46,002,329	35,393,762	10,109,000	4,243,081	2.47
2011	224,359,813	131,750,369	92,609,444	5,212,750	2,082,419	12.69	93,004,750	49,155,966	43,848,784	10,628,000	4,374,209	2.92
2012	225,093,999	133,939,385	91,154,614	5,095,000	1,887,700	13.05	89,386,493	52,500,437	36,886,056	10,441,750	3,965,662	2.56
2013	297,758,202	241,171,931	56,586,271	5,076,111	1,607,330	8.47	92,710,455	55,799,905	36,910,550	10,313,500	3,458,475	2.68
2014	378,621,613	312,954,736	65,666,877	8,526,750	3,792,817	5.33	94,387,130	58,667,658	35,719,472	10,453,000	3,553,678	2.55
2015	341,110,573	283,279,931	57,830,642	8,516,316	3,446,312	4.83	101,420,086	60,211,698	41,208,388	10,383,684	3,280,082	3.02
2016	281,736,385	215,335,038	66,401,347	8,501,667	3,238,345	5.66	108,715,199	64,324,054	44,391,145	10,266,667	3,001,013	3.35
2017	282,850,756	214,058,309	68,792,447	8,972,750	3,549,664	5.49	108,584,843	68,288,444	40,296,399	9,820,000	2,673,950	3.23
2018	291,082,253	222,169,714	68,912,539	6,498,500	2,898,333	7.33	121,117,757	75,803,079	45,314,678	10,067,250	3,366,458	3.37

Note: Details regarding the government's outstanding debt can be found in the notes to the financial statements.
(1) Gross revenue includes all operating and non-operating revenues.
(2) Operations and maintenance expenses includes all reported operating expenses less depreciation, amortization of other assets, and the actuarial determined pension expense reflected under the salaries and benefits line item of the financial statements.
(3) Net available revenue represents gross revenues of the system less the operation and maintenance expenses incurred during the fiscal year.
(4) Average annual debt service for all outstanding prior lien revenue bonds and outstanding revenue bonds similarly secured.
(5) The Electric and Water & Sewer bond ordinances require that net available revenues of the systems be at least 1.25 times the average annual principle and interest requirements.

Table 15

City of Garland
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Population	Personal Income (000's)	Per Capita Personal Income	Median Age	Education Level in Years of Formal Schooling	School Enrollment	Unemployment Rate
2009	225,865	$ 6,497,458	$ 28,767	32.7	12.9	56,579	8.3%
2010	226,915	6,527,664	28,767	34.6	12.9	57,405	8.6%
2011	227,726	6,550,994	28,767	33.2	12.9	57,833	7.8%
2012	228,060	5,012,075	21,977	33.7	12.9	58,151	6.3%
2013	231,618	5,085,868	21,958	33.7	12.9	58,059	6.4%
2014	233,206	5,120,737	21,958	33.4	12.9	58,059	5.1%
2015	234,533	5,080,219	21,661	33.4	12.9	58,000	4.0%
2016	235,885	5,366,620	22,751	33.8	12.9	55,100	3.8%
2017	236,786	5,611,118	23,697	34.5	12.9	57,000	3.3%
2018	238,293	5,519,819	23,164	35.3	12.9	56,471	3.4%

Sources: City of Garland, Texas - Planning Department, U. S. Census, Garland Independent School District, Garland Chamber of Commerce, and Texas Employment Commission

City of Garland
Principal Employers
Current Year and Ten Years Ago
(unaudited)

	2018			2009		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Kraft Foods	796	1	0.64%	500	7	0.49%
US Food Service	520	2	0.42%	490	8	0.48%
Atlas Copco	460	3	0.37%	700	3	0.68%
SilverLine Window	425	4	0.34%	-		-
Hatco (Resistol)	390	5	0.31%	-		-
L3 Communications	350	6	0.28%	-		-
Arrow Fabricated Tubing	340	7	0.27%	-		-
Valspar	300	8	0.24%	-		-
KARLEE, Inc	290	9	0.23%	-		-
General Dynamics	275	10	0.22%	550	6	0.54%
Raytheon E-Systems	-		-	3,500	1	3.42%
Sears Industrial Park	-		-	1,300	2	1.27%
International/SST Truck	-		-	700	4	0.68%
Kingsley Tools (Danaher)	-		-	650	5	0.64%
Interceramic	-		-	474	9	0.46%
L-C Communications	-		-	450	10	0.44%
	4,146		3.32%	9,314		9.10%

Sources: City of Garland, Texas - Tax Office & Texas Workforce Commission, Labor Market Information

City of Garland
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(unaudited)

	Full-time Equivalent Employees as of December 31									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Function										
General Government	284	282	350	344	348	351	356	362	370	382
Police										
Sworn (civil service)	324	323	323	323	323	323	323	334	337	348
Non-Sworn (non-civil service)	134	133	133	132	133	133	133	133	133	133
Fire										
Sworn (civil service)	251	249	249	255	255	255	254	254	254	257
Non-Sworn (non-civil service)	7	7	7	7	7	7	7	7	7	7
Culture and Recreation	152	151	157	158	159	159	160	160	160	162
Internal Services	252	251	254	252	252	252	252	253	254	256
Electric	252	252	238	238	249	251	251	251	251	251
Water	61	62	62	64	63	64	64	63	65	65
Sewer	100	99	99	97	97	97	99	100	102	102
Solid Waste	88	88	90	87	87	87	87	87	87	90
Stormwater Management	25	25	25	24	24	24	24	24	24	24
Golf	28	28	28	28	17	16	16	16	16	29
Special Revenue	113	115	44	44	42	41	39	41	42	41
Total FTE Employees	2,071	2,065	2,059	2,053	2,056	2,060	2,065	2,085	2,102	2,147

Source: City of Garland Budget Office

City of Garland
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Table 18

	Fiscal Year									
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Function										
Police										
Physical arrests	13,902	11,803	11,431	11,284	11,168	10,587	9,741	9,151	9,287	8,942
Citations issued	56,982	53,666	53,613	61,591	62,737	57,341	51,924	51,864	60,147	53,737
Fire										
Number of calls answered	19,770	20,047	20,670	21,146	21,924	21,349	22,036	23,058	24,312	25,159
Business Inspections	5,575	5,188	4,116	2,506	2,029	2,354	3,821	5,701	9,105	7,491
Highways and streets										
Street resurfacing (miles)	17	14	15	23	15	16	21	23	49	36
Service maintenance requests	1,463	1,794	1,550	1,719	2,099	1,963	2,573	2,485	2,041	2,796
Parks and recreation										
Performing arts center attendance	158,103	153,450	150,496	158,500	134,637	136,255	161,346	148,241	151,000	149,000
Recreation center attendance	970,966	722,462	1,004,064	1,104,143	1,199,720	1,307,212	1,367,403	1,455,784	1,248,000	1,185,000
Library										
Volumes, items, or physical units	436,783	409,378	409,378	337,728	346,108	342,826	363,784	361,733	361,277	357,672
Number of Library circulation transactions	1,736,304	1,857,317	1,783,536	1,549,358	1,569,059	1,524,365	1,516,250	1,398,209	1,290,241	1,169,855
Electric										
Number of accounts	67,956	68,001	68,034	68,396	69,126	69,262	69,491	69,533	69,929	70,964
Average daily usage (KWH)	5,381,022	5,614,012	5,707,569	5,370,791	5,270,163	5,450,915	5,470,273	5,272,563	5,170,775	5,480,345
Water										
New connections	188	9	20	103	196	36	177	281	132	199
Water main breaks	303	393	479	400	438	449	344	206	144	264
Average daily consumption (thousands of gallons)	32,716	32,041	34,812	29,498	30,058	26,503	26,624	27,315	27,769	29,808
Sewer										
Average daily sewage treatment (millions of gallons)	35	41	34	34	34	32	39	33	34	37

Sources: Various City departments

City of Garland
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	78	81	81	81	81	123	123	123	122	122
Fire Stations	11	11	11	11	11	11	11	11	11	11
Highways and streets										
Streets (miles)	690.77	697.05	697.00	697.00	700.00	700.00	700.00	700.00	702.78	703.64
Streetlights	15,107	13,662	14,068	14,062	14,104	14,060	13,798	14,364	14,418	14,335
Traffic signals	181	182	185	185	185	190	192	193	192	192
Parks and recreation										
Parks acreage	2,428	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880	2,880
Parks	68	63	63	63	63	63	63	63	63	63
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	35	35	35	35	35	35	35	35	35	35
Recreation centers	6	6	6	6	6	6	6	6	6	6
Electric										
Substations	23	23	23	23	23	28	28	29	31	32
Miles of service lines	2,140	1,012	1,073	1,082	1,090	1,174	1,179	1,190	1,195	1,276
Maximum resource capacity (MW)	574.1	408.0	408.0	408.0	528.0	530.0	530.0	530.0	530.0	523.0
Water										
Water mains (miles)	1,111	1,111	1,113	1,114	1,117	1,118	1,122	1,126	1,130	1,135
Fire Hydrants	7,442	7,456	8,244	8,271	8,305	8,325	8,365	8,411	8,465	8,529
Maximum daily capacity (millions of gallons)	227	221	221	221	221	225	225	225	225	225
Sewer										
Sanitary sewers (miles)	1,000	1,001	1,001	1,001	1,003	1,004	1,006	1,008	1,010	1,011
Maximum daily flow (MGD)	106	104	86	108	70	55	135	111	76	143
Maximum daily treatment capacity (millions of gallons)	64	64	64	64	64	64	64	64	64	64

Sources: Various City departments

Texas Municipal Power Agency
Condensed Financial Information
September 30, 2018

		Amount in (000's)
Total assets	$	269,423
Total liabilities		255,208
Total net assets		14,215
Total liabilities and net assets	$	269,423
Total operating revenues	$	175,471
Total operating expenses		68,769
Income from operations		106,702
Total other income(expenses)		6,785
Total interest charges		(10,634)
Deferred revenue		32,037
Deferred cost		(117,713)
Refunds to member Cities		(28,983)
Change in net assets		(11,806)
Impairment of Electric Plant		(18,866)
Net assets - beginning balance		44,887
Net assets - ending balance	$	14,215

Source: TMPA Comprehensive Annual Financial Report

City of Garland
Schedule of Insurance in Force
September 30, 2018
(unaudited)

Insurance Company	Policy Number	From	To	Description	Deductible	Limits
Evanston Insurance Company	SM919157	04/02/18	04/02/19	Medical Professional Liability	$2,500	$3,000,000
Great American Insurance Company	GVT40276130300	12/03/17	12/03/18	Crime Coverage	$100,000	$1,000,000
Great American Insurance Company	IMP523230110	10/01/17	10/01/18	Contractors Equip &Fleet Catastrophe	$50,000	$20,000,000
Property Insurance Carriers					$100,000	$500,000,000
Princeton Excess Insurance Co.	58-A3-PP000020700	10/01/17	10/01/18	Property Coverage		
Liberty Surplus Insurance Co.	1000272520-01	10/01/17	10/01/18	Property Coverage		
General Security Indemnity Co.	FA0035382-2017-1	10/01/17	10/01/18	Property Coverage		
Lloyd's of London	B1230GP03968A17	10/01/17	10/01/18	Property Coverage		
Indian Harbor Insurance Co.	US00080411PR17A	10/01/17	10/01/18	Property Coverage		
HDI Global Insurance Co.	CPD15306-00	10/01/17	10/01/18	Property Coverage		
Nationwide Mutual Insurance Company	FWCO0000028344200	10/15/17	10/15/18	General Liability-Special Events	$0	$5,000,000
Genesis Insurance Company	YXB301166D	10/01/17	10/01/18	Excess LiabilityPackage Policy	$500,000	$20,000,000
XL Insurance America	US00076653PR17A	10/01/17	10/01/18	Boiler/Machinery/Transformers	$500,000	$100,000,000
Colony Insurance Company	PXL17109601	10/01/17	10/01/18	Excess Workers Compensation	$650,000	Statutory/$2,000,000

Sources: City of Garland Risk Management Department